

AUGUST, 1957

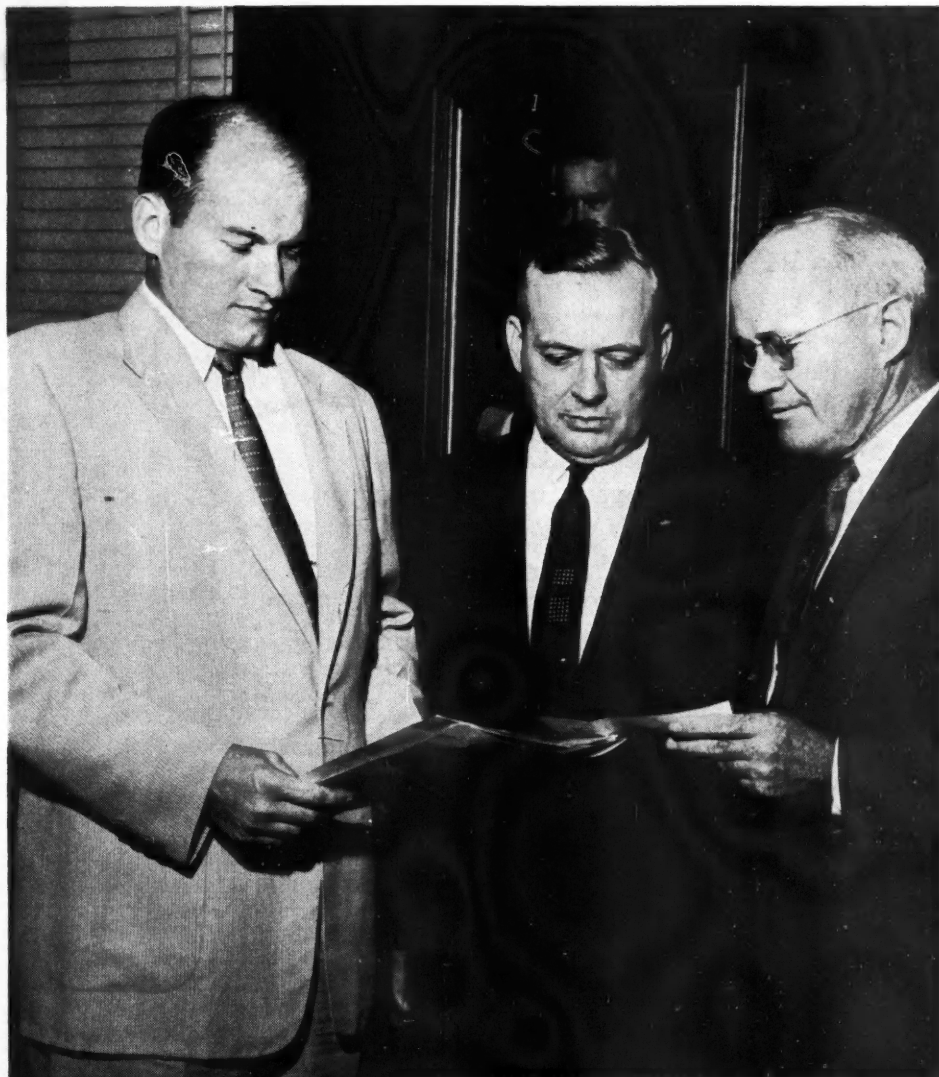
# *Credit and* FINANCIAL MANAGEMENT

How They Won Place  
in Management Teams  
Synopsis -- Part II

Good Instalment Plan  
Builds Profitable Sales  
of Farming Equipment

Growing World Trade  
Calls for New Vision  
in Credit Operations

Simple New System  
Solve Complication of  
Record Volume



No Substitute for Character (See P. 1)

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## In the News

K. CALVIN SOMMER, treasurer, Youngstown Sheet & Tube Co., Youngstown, Ohio, and past vice president and director of the National Association of Credit Men, has been elected president of Junior Achievement of Youngstown.

RALPH E. BOWERS, vice president and secretary of Marshall Field & Co., Chicago, Illinois, is the new president of the American Society of Corporate Secretaries.

LESTER WILTERDINK, assistant credit manager, Stromberg Carlson Corporation, has been named to the board of directors of the Rochester Junior Chamber of Commerce.

HAROLD W. SCOTT, partner, Has-kins and Sells, Detroit, is the new president of the National Association of Cost Accountants.

EVERETT J. PENNY, partner, Everett J. Penny & Co., White Plains, N. Y., is now on the board of regents of the University of the State of New York. Mr. Penny is a member of the executive committee of the Westchester County division of the New York Credit and Financial Management Association.

FRED FERGUSON, of Buffalo Business Forms, Inc., Buffalo, N. Y., is the new president of the National Business Forms Associates.

C. P. ROONEY, treasurer, Mine Safety Appliance Co., Pittsburgh, has been elected vice president, Pittsburgh Chapter, Tax Executives Institute, Inc.

MORRIS A. ENGELMAN, auditor of Bankers Trust Company, has been named president of the New York City Conference of the National Association of Bank Auditors and Comp-trollers.

EARL G. BUNCE, of General Aniline & Film Corporation, dyestuff and chemical division, has been elected president of the Office Executives Association of New York, Inc.

J. A. SWEARINGEN, secretary, Aetna Casualty and Surety Company, has been elected chairman of the executive committee of the Surety Association of America.

# SEE AT A GLANCE

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\*Based on figures supplied by F. W. Dodge Corporation, nationally known source of construction information, for homes built since 1937 originally costing between \$8,000 and \$50,000.

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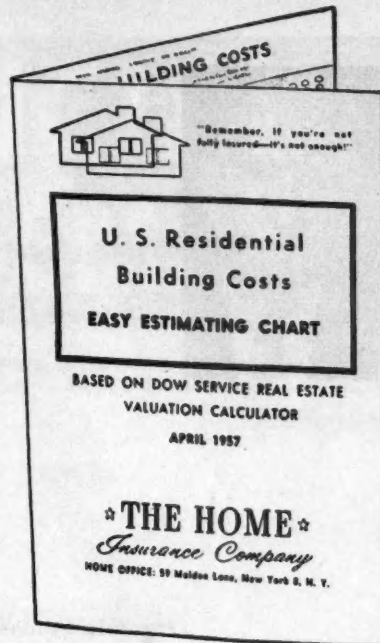
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## EDITORIAL

*Henry H. Heimann*  
Executive Vice-President

### *Recharging the Battery*

**T**HE human body, God's creation, is one of the most intricate machines in the world. Our machinery, architecture, agriculture and even services find a comparable pattern in the human body. It is as perfect a mechanism to serve for a limited time as we can conceive or comprehend. Unlike machinery, however, its parts are generally irreplaceable.

Just as we need to be careful and attentive to machinery, so too must we exercise care with and give attention to our bodies. A battery, irrespective of how well cared for, needs recharging from time to time. So does our body. A business, no matter how efficient, needs re-evaluation from time to time. This calls for clear thinking. Sometimes it needs new products and completely new machinery.

The month of August is one of the heaviest vacation months in our own country. It is frequently referred to as the month of dog days. This connotes a measure of leisure and listlessness.

*If we could plan our vacations as well as we plan our daily work or our daily lives, we would improve body and mind. A vacation means different things to different people of different ages and different callings. Each individual should give thought to the type of vacation and the kind of leisure period that will serve him best. Our objective should be mental diversion to relieve our mind of the problems of the day's work throughout the year, physical exercise moderately scheduled that will develop our body, and adequate rest. Such a program will refresh our minds and relax our muscles.*

Some people spend all their vacation on the highways, dangerous as they are. Perhaps the young can do this and get away with it. Generally, however, a vacation should be so planned that one has a limited period of complete relaxation and the opportunity to pursue hobbies, whatever they may be. Some may prefer to rest and read, others to fish or travel, and others may enjoy scenery.

No doctor can tell you just what type of vacation is best for you, but if you analyze your own condition such analysis will suggest your needs and you can have a sensible and profitable vacation. That a resting period is essential to people in this troubled world needs no argument. A composed being, a thoroughly relaxed body and a stimulated energy resulting from a rest period, translate themselves into better citizens of all classifications. One of the problems we face in this country is more scientific determination of what is best for us in our leisure period. If we can do this we shall remain strong—strong in mind, in body, in character, in our industry and our citizenship.



## THE AUGUST COVER

**W**HAT will the harvest be? In an agricultural community the answer to the question starts a chain of reaction, beginning with the farmer-buyer, moving on to the dealer in farm equipment, and then coming to roost on the books of the supplier.

Then the character of the dealer becomes all-important. To the writer of this issue's "Management at Work" article (see page 12), "there is no substitute for character, nor is there any basis for credit without character."

W. Russell Mason, assistant secretary and treasurer, Stratton-Warren Hardware Company, Memphis, at the right in the cover



picture reproduced herewith, tells the story. With him are L. M. Stratton III (left), president, and Jack C. Jayroe, vice president.

Mr. Stratton, a native Memphian and a graduate of the University of Michigan, served three years in the United States Navy before becoming vice president of the company in 1953. In January of 1955 he was elected president.

Mr. Jayroe (center), with Stratton-Warren for 35 years, spent 25 of them as sales representative in various Delta counties in Mississippi. After three years of service in World War II he returned to his territory. In 1949 he became sales manager supervising 35 sales representatives of the company. Mr. Jayroe was elected vice president in 1951.

# FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran  
Official Publication of The National Association of Credit Men

**VOLUME 59**

**NUMBER 8**

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**EDITOR** Ernest A. Rovelstad

**ASSOCIATE EDITOR** Lillian Bermont

**CONTRIBUTING EDITOR** Carl B. Everberg, Atty.

**ADVERTISING & BUSINESS MANAGER** Edwin B. Moran

**ADVERTISING REPRESENTATIVES**

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# Washington

As THE 85th Congress approached adjournment of its first session, the Federal Budget, Government spending and taxation still remained top issues. By press time Senator John F. Kennedy's bill (S. 434) to modernize Federal budgetary and accounting procedures, by putting appropriations on an annual accrued expenditure basis, had passed the Senate. A similar bill (H.R. 8002) was pending in the House.

Meanwhile Senate hearings were held on a measure introduced by the other senator from Massachusetts, Leverett Saltonstall, to provide for a systematic reduction of the Public Debt. The bill, S. 1738, would reduce the Public Debt limit (now \$278 billions) for next year by 2% of the past fiscal year's net Federal revenue, 3% of the preceding year's revenue the following year, 4 per cent of previous year's revenue the next, and thereafter 5 per cent of each preceding year's revenue, except in times of war, other national emergency, or periods of dire economic distress as determined by specific action of Congress and the President.

## *Total Authorizations Would Be Key*

Another bill of interest is S. 2272 by Senator W. F. Bennett of Utah to authorize a raising or lowering of tax rates depending on the increase or decrease in each year's total outstanding Federal authorizations. The Bureau of the Budget each year would estimate costs to the Government of all legislation enacted by Congress in the year and deduct from that the amount of all authorizations or commitments which have lapsed in that year. On that basis, corresponding adjustments would be provided for in the Federal tax rates, and Government revenues thus would be geared to Government spending on a year-in, year-out basis.

Still another proposal stems from Connecticut's Representative A. N. Sadlak. H.R. 6452 would reduce Federal income tax rates over a five-year period, bringing the top rates on individuals and corporations alike down to 42 per cent in that time and the basic rate for individuals to 15 per cent from the present 20 per cent, with various reductions all along the line in the middle-income brackets.

Examples: Rates in the \$4,000-\$6,000 bracket would be reduced from 26 to 17%; \$8,000 to \$10,000, from 34 to 19%; \$12,000-\$14,000, from 43 to 21%; \$16,000-18,000, from 50 to 23%; \$20,000-\$22,000, from 56 to 25%, and so on.

The theory is that present tax rates have reached the point of diminishing returns and that such reductions, by providing greater incentive and stimulating productivity, would lay the basis for greater long-term gains in Government revenues with the over-all benefit of the economy more than compensating for any immediate short-term drop in revenue.

## *On Retained Withholding Taxes*

Of prime interest to creditors is the new Administration-proposed tax bill (H.R. 8218) to tighten up the restrictions on employers failing to remit their employees' withholding taxes. All too often such customers who are in arrears on their tax payments also default to general creditors, and the Government then steps in with its claims, which have unlimited priority over general creditors' claims and drain the assets.

Officials estimate that such delinquent accounts amount to nearly \$300 millions, and there seldom is any way general creditors can determine the existence of these unpaid taxes until the Government slaps its lien against the estate, and then it is too late.

Under the proposed bill, employers when notified of a delinquency would immediately be required to set up separate bank accounts for withheld taxes or suffer automatic fines or jail sentences. The setting up of such accounts would also serve as an immediate alert signal to the banks and other creditors. The bill was jointly introduced by the chairman of the ways and means committee, Jere Cooper of Tennessee, and by the top minority man on the committee, Representative Daniel Reed of New York.

## *Log Jam in Judiciary Committee*

With the Senate judiciary committee still tied up with civil rights legislation as we go to press, the likelihood appeared strong that other legislation pending before that committee would be pushed over into the next session.

Among such bills was the Kefauver Price Discrimination Bill, S. 11, to limit "good faith" as a defense in Robinson-Patman Act cases. Although reported to the full judiciary committee without recommendations pro or con, the Senate antitrust subcommittee did tag on this important amendment: the evidence must "affirmatively show" that the effect of giving a lower price to

*(Concluded on page 21)*



# *Second Annual* **GREAT LAKES REGIONAL** *Credit Conference*

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### **THURSDAY, SEPTEMBER 19**

Morning: Registration

Luncheon: George Coleman, Economist, Mercantile Trust Company, St. Louis, Missouri

Afternoon: Industry Group Sessions—Something for everyone

Reception—Dinner: Financial Editors—A panel of outstanding business writers from leading newspapers in the conference region

### **FRIDAY, SEPTEMBER 20**

Morning: Audience Participation Workshop—Case studies to be threshed out by everyone in a bread-and-butter session

Luncheon: Henry H. Heimann, Executive Vice President, National Association of Credit Men

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# How They Won Place

## Company President Outlines Steps in Part II of Symposium

**C**REDIT MANAGEMENT should coordinate its operation with all five major functions of a going business: buying, producing, selling, administrative and financial, executives agree, if Credit is to have a place on the management team.

In this second and concluding chapter of the *Credit and Financial Management* symposium introduced in the June issue, company officers pinpoint many specific areas of credit services prerequisite to attainment of that goal. For example:

"Sales ability is all-important," says a company president, "particularly to 'sell' the customer on the idea of paying his account as he has agreed . . . Credit management should have the same privileges as sales management."

A company secretary emphasizes two considerations: "Learn to delegate authority" and "have time—always" to perform that extra service.

"There must be a keen desire to reach the management team, not wishful thinking," writes another executive, implementing that aim by not only keeping top management constantly informed of the status of the accounts receivable but also being alert to every opportunity to improve the department's contribution to profits.

### "Selling" Customer to Pay As Agreed Called All-Important

L. H. KOOGLE, *President, Triangle Electric Supply Company, El Paso, Texas.*

**W**HAT procedures should a credit manager practice in order to merit sharing in the policy-making of the company?



L. H. KOOGLE

First, it is to be assumed that any credit executive should have qualifications. He should have a background of bookkeeping and audit experience. He should keep well posted on income tax matters as well as all other taxes that his company and the company's customers may be confronted with. He should have at least a working knowledge of commercial law so that he can protect the interest of his company

and at the same time work in an advisory capacity with the company's customers. It is up to management to help all credit department personnel obtain full knowledge of all the above; meetings should be held periodically to discuss the different phases of credit management.

More and more, credit evaluations are being based upon character and capacity rather than the cold hard facts of a financial statement.

The credit department of any company, large or small, must have sales ability, not particularly to sell a given product to a customer, but to sell that customer on the idea of paying his account as he has agreed. This sales ability is all-important, as many customers now in the border line bracket can be given information by credit executives that will make them much better businessmen and customers for us.

If these qualifications are developed, the credit executive should be placed in a favorable position to receive all possible profit-sharing and other financial advantages due him, in accordance with his ability to discharge his obligations. Too often credit management does not have

the same privileges as sales management. He should have identical privileges, be allowed to contact customers as often as necessary, travel with salesmen, and so impart more credit knowledge to the sales department, at the same time helping the customer.

### Delegation of Responsibility Is Important Consideration

HAROLD F. HORSTMAYER, *Secretary, Burgess Battery Company, Freeport, Illinois*

**T**HE STUDENT of credit should be interested in what opportunities lie ahead, how these opportunities are growing, and in the fact that the field is ripe for aggressive young men.

Many of us enter business as specialists — accountants, engineers, chemists, and others. Many enter without any "rating," but more or less "grow into" the type of work we do. One of the first essentials is to acquire background, which is done by education and practicing one's own vocation.



H. F. HORSTMAYER

The writer "grew into" credit and collection work, so it was necessary to go to night school to take courses in credits and collections, and business letter writing. Collection letters developed into a sort of hobby. Constantly improving them resulted in better customer relations. This was particularly important during the depression of the 'thirties when this customer goodwill was shown in many favorable comments and responses received, and by requests to use these letters for their own. It also resulted in publication of collection letter articles in national business magazines.

Along with improvement in customer relations was cooperation with the sales department in developing sales policies in regard to lines of credit and new accounts. This is particularly important when changing time and conditions require changes in policies.

# on Management Team

## Contribute to All Five Major Functions of Going Business

Various sales promotions called for extended payment plans with, of course, a higher build-up of accounts receivable but an overall company benefit in higher sales volume. Help was also given in getting new accounts started in business, both former employees and others. While all this involved more credit department work and worry, the net result showed in the company profit and loss statement.

After six years in credit and collection work, I was given the additional responsibilities of office manager, a position newly created. This offered new opportunities to improve company policies in regard to personnel, employee relations, salary administration, office equipment, systems, and procedures. In addition there was a term of 16 years as a director of the company credit union.

### Learn to Delegate Responsibility

Two important considerations should never be overlooked in previewing the future. One is to learn to delegate responsibility. Many a man is afraid of his job—afraid that if someone else learns too much about his work he will be replaced. If you do your job well, there is no room for fear. And how can you leave your desk, or be available for promotion, if you cannot place your job in capable hands? Then, too, younger men coming up are looking for opportunities the same as you. In fairness to them, you should help them build, which in turn tends to strengthen your position, since it proves you are a good judge of management caliber.

### The Value of Additional Study

I had a young assistant a few years ago who had had no previous experience. He took several correspondence courses in credit and collections, and in office management. After six years of experience with us he was able to move on to a smaller company as treasurer.

I have a young assistant now who was promoted from our sales department. He, too, has helped to educate himself by additional study, and has advanced to the point of being able to take over when I am away.

### Take Time for Added Duties

The second consideration is to have time—always. One of the poorest alibis is "I haven't got time." Take time. This may cause you some extra work and loss of sleep temporarily, but in the long run it will pay dividends.

As you go up the organizational ladder, you become a manager. You "wear more than one hat." You can make a distinction between the aspects of your job—that part which deals with your basic job and that which deals with your role as manager. The extent to which one predominates depends on how far you have progressed.

The manager should look ahead, he should determine what to do, what goals to achieve, what the end results will be. He should know what he wants and how to earn it.

## Graphs and Forecasts Are Welcomed by Management

A. M. COVENTRY, *Credit Manager, Laclede-Christy Company, Division of H. K. Porter Company, Inc., St. Louis, Missouri*

WHILE almost all credit executives will agree that their function is tremendously important in the general management of their business, and that the credit manager definitely has a place in the "top management team" of his company in the inner policy-making circle, not too many have made plans or even have a definite objective.

It is a surprising truth that "once a man knows where he wants to go, the world will clear a path for him." Regardless of business conditions, there is always room at the top if you have what it takes when it is needed.



A. M. COVENTRY

Having set my goal as a member of the top management team of the Division, it became important to appraise my present position—what did I have, what did I need, and how might I get the very most out of the final results?

Education was the answer. To learn all I could about credit and collections was of cardinal importance. For a good foundation, it was necessary to study accounting, business law, business letter-writing, and other subjects. The more I studied the wider became the horizons, the more there was to study. Furthermore, experience shows that credit and financial management must race neck and neck with new technological discoveries and intense competition, calling for new tools, new methods and techniques, and—more concentrated education.

Recognition by management likewise takes a long time, and involves "education" of top management to the fact that a very capable credit executive is a good man to have on the team.

A basic function of the credit manager is expert control of his company's investment in accounts receivable by carefully analyzing and appraising the sales before they get "on the books." Then he must use all the latest procedures to consummate the sales, to effect collection and maintain customer goodwill. He asks himself: How can I improve the functioning of my credit, collections and accounts receivable department? If he is constantly thinking about this, he can come up with many improvements.

Having worked with several accounts receivable systems, I recommended to top management the one best suited to our business, and top management was surprised by the good results achieved by our staff.

The Boss is always pleased to find customers' orders,



both complete and new, flowing smoothly through the credit and accounts receivable departments.

I avoid negative discussions or points of view, come forward with constructive proposals, and briefly display results of the credit and accounts receivable operation, monthly.

#### *Graphs Impress Management*

Management has been impressed favorably by graphs showing the "curve" of collections versus sales, turnover and collection period, and by showing comparisons, percentage increases and decreases. I forecast with reasonable accuracy the next month's collections and future business prospects by studying economic factors. I provide top management with as much information regarding our competitors as can be had. I carry a separate file on each one, clip reports from newspapers for the file, and report directly to top management all important factors, changes and news items.

Learning that an important customer will visit with the management, I try to obtain the latest information and place this before the executive. If the purpose of the meeting warrants it, management is provided with an intensive analysis of the status of the customer's business.

From participation in all activities of the credit association I pick up information and background that helps management reach important decisions.

Five major functions must be performed successfully if a business is to prosper. They are: Buying, production, sales, administrative and financial. Credit management is part of the No. 5 function, but I lean over backwards to coordinate our efforts with those of the other four groups.

## Reaction to Opportunities Measure of Credit Service

VERNON A. BINGHAM, *General Credit Manager, Macwhyte Company, Kenosha, Wisconsin*

THE partnership of all credit and financial managers, both in and outside government, has the opportunity to meet the challenge thrown down by our Soviet con-



V. A. BINGHAM

temporaries, to make our free competitive American economy work for our general welfare and that of the entire world.

In several basic functions the credit executive makes important contributions to management. His primary responsibility is perhaps that he protect and nurture the investment he makes in the form of an accounts receivable asset and that he be active

and diligent with the sales department in the promotion and distribution of the product or service he has to sell.

Knowledge of the principles of accounting and analysis of financial and operating statements is necessary.

We are going to have to know something about the theories and practices of distribution and surely something about marketing analysis. We are going to have to be a bit of a lawyer if we are to be able to consider the various problems that we have to deal with.

Any credit executive has to be something of an econo-

mist. One who is to do his job well and make right decisions most of the time, must know and study the economic sphere in which his company operates.

The credit and financial manager also has to be taxation-conscious, to be something of a practicing psychologist and know how to deal with personnel and their problems. He should be something of a politician, one who in the highest accepted definition of politics has an interest and responsibility in some civic group or undertaking.

Any live, conscientious credit executive can find an opportunity for public service. By so doing he will not only be helping himself and his neighbors but will be making a splendid contribution to his company in helping its management to find the answers to its own problems.

The future of our profession and the credit department's place in business depends on the way one embraces the opportunities available, the strength and intelligence put into educating those who are to follow in our credit work, and the faith one has in our individual and collective abilities to make our country a dynamic, livable economy.

## Wishful Thinking No Good; Keep Management Informed

By WALTER B. THOMPSON, *Credit Manager and Assistant Secretary, Binney & Smith, Inc., New York, N.Y.*

IN the financial structure of a business the working capital is a revolving and basic necessity to the operation of any company. Here the credit department plays an important role because it is responsible for the liquidity of accounts receivable, which in turn has a definite bearing on the cash position. Inventory turnover is the responsibility of the sales department, but here again the credit department can contribute toward increased sales volume. This can be accomplished by a realistic understanding of distribution needs and a sound but flexible credit policy.



W. B. THOMPSON

The credit executive must keep management constantly informed of the conditions of its accounts receivable and enable them to project anticipated cash receipts within a given period. Such a barometer can also help determine the need for a temporary bank loan when conditions make it necessary.

All these factors show a close relationship with the management team.

It is every credit manager's desire to operate his department as efficiently and economically as possible but at the same time be alert for any improvement in other department operations which will benefit the company as well.

In our company the credit department has contact with most phases of the business, which provides the opportunity to become familiar with operations in general. At-

(Concluded on page 29)



# That Weak Sentence in Your Collection Letter Can Cost Your Company Money

By **KENNETH B. HORNING**

*Chairman  
Department of Business  
Communication  
University of Oklahoma  
Norman, Oklahoma*

**J**UST what is wrong with your collection letters? Perhaps several things; perhaps nothing.



K. B. HORNING

Much has already been written about the basic principles to apply in the writing of effective collection letters. However, in to even the best letters will slip an occasional sentence which for one reason or another is extremely weak. That one sentence alone can ruin the otherwise positive, goodwill-building effect for which you are striving. Normally the weak sentence is a result of misinterpretation by the reader. We hear much about "write as you talk." Generally that is a good rule, but we must consider the difference between the spoken and the written word. When I talk to you in person you can see my facial expression and you can get my general idea not so much from my actual words as from the way I say them.

When I write a sentence in a letter, however, that sentence is down in black and white and will be interpreted as the reader desires. Often the interpretation is not at all the one I meant when I wrote it. The solution is obvious: When you read over a letter you have just written, and see a sentence that can be interpreted in more ways than one, simply change it so there is no question as to the tone you have in mind.

Here are several sentences currently in use in collection letters from some of the more progressive companies. Most of them appear in otherwise effective letters. Perhaps a study of them will set you to thinking about your own letters:

*Please do it now!* This is weak for two reasons. It is so trite and over-

**KENNETH BAKER HORNING**, associate professor and chairman of the department of business communication, University of Oklahoma, last year was elected national president of the American Business Writing Association.

*Graduate of the University of Illinois and Lehigh University, Mr. Horning joined the Oklahoma "U" faculty in 1946, after teaching at Lehigh and at Virginia Polytechnic Institute and writing submariners' manuals for the Columbia University Division of War Research.*

used that it has lost its original meaning. And there is no need to tell someone to do something unless you give him an incentive. Also, while you write *please* as a gesture of courtesy, when I read it I interpret it as dictatorial, as though you are ordering me: **PLEASE** do it now! As a customer, I'll resent that.

*Apparently you do not realize your account is payable within 30 days after receiving the statement.* I interpret this as, "You dumb ox, don't you have sense enough to know the account is due in 30 days?"

*Unfortunately some of our customers have found it difficult to bring their accounts up to date.* Don't give the impression that you have many, many overdue accounts.

*We wish to thank you for your cooperation.* In the first place, he has not cooperated yet, so there is nothing to thank him for. In the second place, saying "we wish to thank you for . . ." implies, "but we are not going to. . . ." If you really wish to thank him, go ahead and do it.

*We feel quite confident that you have overlooked this matter and hope that you will favor us immediately with your payment as we are extending a few additional days to you this time only in order to accommodate you.* Here is the common error of trying to include too many ideas in one sentence. The reader cannot grasp it all at once. He is forced to reread it several times to learn just what all you are saying.

*With appreciation of your patronage, we remain. . . .* This was the close of an otherwise very good letter. It is surprising how many companies still cling to this trite style of ending. Nothing dates you as 1880 more quickly than this. Always end your letter with a definite sentence and then a conventional complimentary close. Normally "Very sincerely yours" or "Yours very sincerely" is effective. Never use "Yours truly," which is short, choppy and abrupt, and ruins the friendly, conversational tone you should be seeking.

*If you have no special reason for withholding payment, we should appreciate your check within the next few days.* In other words, "If you think you have a reason, just forget about us."

*Promises made in good faith, we assume, are meant to be kept, but . . .* This was the opener of a collection letter from an excellent firm. But it says in effect, "You are a liar." The "we assume" also adds a note of sarcasm which always weakens a letter.

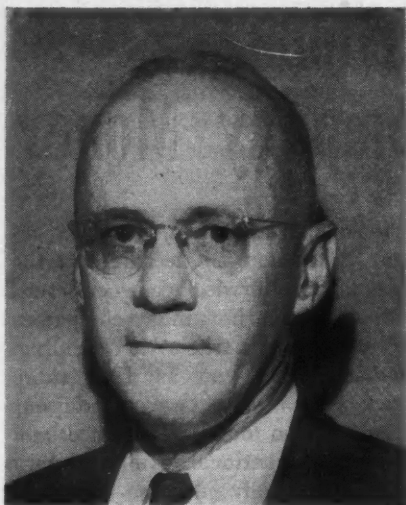
*We can certainly not remain in business—let alone make any profit—unless we collect all our accounts.* Who cares? The customer is interested in his own problems, not yours.

*I am personally responsible for the payment of your account on the date promised. . . .* A poor appeal because the customer will never believe it. Also, it has too much "I" attitude and not enough "you."

There is a brighter side, however. In these same letters I have found a few very excellent sentences—sentences which get across the friendly, personal tone necessary and yet are strong and firm enough to do the job. Here is one:

*If we did not explain fully the terms of payment to you when the account was opened, we are sincerely sorry.*

*(For 101 credit and collection letters which avoid stereotyped phrases and emphasize sales value avail yourself of a copy of "The Selling Side of Credit Correspondence," National Association of Credit Men.—Ed.)*



By **W. RUSSELL MASON**  
*Assistant Secretary and Treasurer  
Stratton-Warren Hardware Company  
Memphis, Tennessee*

**I**N TWELVE YEARS of credit management we have been face to face with a host of difficult problems. The greater portion of them has worked out to everyone's satisfaction. Some have been only partially cleared. Some have ended in the graveyard of the unsolved—the bad debt account. Out of these experiences have come alternating feelings of elation, part-satisfaction, and frustration.

#### *The Human Element*

The most interesting factor in these case histories has been the human element. In running their course, ample opportunities have arisen for the full play of emotions, with every avenue of settlement fully explored, and, under stress, the positive and the negative brought to light. This article shows how the very best attributes of an account came to the fore when full consideration of his difficulties was given and he was helped over the hump.

One of our better individually-owned accounts in a predominantly

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**W. RUSSELL MASON**, who last year was advanced to assistant secretary and treasurer of Stratton-Warren Hardware Company, Memphis, Tenn., had joined the company in 1933. He was named credit manager in 1945.

Mr. Mason is past president of the Memphis Association of Credit Men.

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## MANAGEMENT AT WORK

### *.... a problem case is solved*

agricultural community was fast developing into a major dilemma. We were aware that the last two harvests of the crop which provides the major source of income of this community had been abnormally low. We did not feel, however, that this in itself was enough to put the account in such a serious condition. We were seeking the answer when the party involved came in to see us. He was a little past the age when life begins, and if he could not survive this situation it meant deprivation of his life work and a substantial loss for us.

#### *A Victim of Hard Luck*

When he spread his cards on the table it became apparent to us that here clearly was a victim of hard luck, which could fall upon anyone at one time or another. We all therefore were

sacrificing sales (this was the key to the solution), and payments were to begin as soon as possible on the old account, with current purchases to be discounted.

This plan was based on the assumption that one or two good harvests would return his business to the high road. After the program had been worked out he was still not satisfied, however, and he insisted on taking out a small life insurance policy to afford us a small measure of protection.

#### *Submits Books Frequently*

To shorten a long story, he brought his books in every two or three months and they were gone over carefully. With his diligence and sincerity of purpose, the plan was working. It was not too long before payments were being made on his old account. Gradually it was

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***"To the world at large and to Credit especially there is no substitute for character, nor is there any basis for credit without character."***

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**W. Russell Mason**

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determined to cooperate to the fullest in finding a solution not only for him but for all similarly affected.

At this point it would have been far easier for him to give up, but he was much concerned lest we should suffer a loss. Hence he was willing and eager to cooperate in any plan that offered a possibility of averting this. Remember, his troubles were not brought about by bad management, by incorrect price structure or by dissipation of assets. This was the program worked out with his full accord.

His expenses were to be trimmed to the bone, his inventory and purchases to be held as low as possible without

worked out. Today this is one of our better accounts, and all discounts are taken.

If trouble must come to us as credit managers let us hope the party or parties involved will possess character, as this account had, lest serious consequences develop. To the world at large and to Credit especially, there is no substitute for character, nor is there any basis for credit without character.

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***Failure to hit a target is never the fault of the target.***

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## Earnings and Assets of State Banks Show Gains

Loans and discounts held by the 9,440 state-supervised banks amounted to \$62,367,707,000 at the close of business in 1956, according to the 26th Annual Study of Assets and Liabilities of state banks, which has just been completed by the State Bank Division of the American Bankers Association. This figure represents a gain of \$5,386,301,000 or 9.5 per cent, in the year, and is taken as indicative of the credit services supplied by banks to meet the needs of their local communities. Last year, the banks earned \$5.50 per \$100 of loans and discounts, compared to \$5 in 1955. They were able to pay dividends of \$3.25 against \$3.10 and at the same time put a total of \$292,479,000 of net earnings into capital.

The annual study, published under the title "The Condition and Operation of State Banks," covers 9,440 state-supervised banks, which are divided into two major categories: 1) the 8,913 state commercial banks including loan and trust companies, private banks, stock savings banks, industrial banks, and cash depositories; and 2) the 527 mutual savings banks which are located in 17 states.

The assets of all state-supervised banks increased in the past year by \$4,866,251,000, or 3.8 per cent, to a record level of \$133,756,059,000. Of this amount, \$100,448,783,000 was held by state commercial banks and \$33,307,276,000 by the mutual savings banks.

### Consumer Credit Integral To Bank Function: Adams

Consumer credit is as much a part of the banking function today as any other phase of the business, says H. C. Adams, president of the Arkansas Bankers Association, who reported to members attending the seventh annual instalment credit conference at Little Rock, that "Arkansas banks are doing an outstanding job in that field, as well as in other phases." Mr. Adams is executive vice president, First National Bank, DeWitt.

Hugh Williams, assistant cashier, First National Bank, Little Rock, headed a panel discussion on the mechanics and technical details of instalment credit operation.



*Credit rating needed?*

## Get the facts by telephone

Credit managers everywhere rely on the telephone to get out-of-town credit information fast, before a sale is lost.

They know that the telephone is *direct, personal* and *confidential*. They can get the full story, in minutes, thus can make decisions quickly yet soundly.

*We'd like to show you how the telephone can help you in your business. Just call your nearest Bell Telephone Business Office and a representative will visit you at your convenience.*

### LONG DISTANCE RATES ARE LOW

#### Daytime Station-to-Station Calls

For example:	First 3 minutes	Each added minute
Cleveland to Detroit	55¢	15¢
Buffalo to Pittsburgh	75¢	20¢
Minneapolis to Milwaukee	\$1.00	25¢
New Orleans to Little Rock, Ark.	\$1.10	30¢

Add 10% Federal Excise Tax



BELL TELEPHONE SYSTEM

Call by Number. It's Twice as Fast.



# How're Y' Gonna Keep 'Em on Payroll?

## *Extra Inducements Proved Less Expensive Than Replacing Personnel*

by ERNEST W. FAIR

**T**HE old blues singer used to bewail the conclusion that "A good man is hard to find," and many a company executive today sorrowfully nods in affirmation as he joins the chorus. Replacement of expensively trained men both in the office and on the field force is increasingly difficult. The readiest solution is to keep them from leaving the staff in the first place. In this period of relatively full employment this is problem enough.

The inconvenience resulting when an experienced employee leaves abruptly is only part of the story. Usually it takes from four weeks to as many months—in some businesses many more—to train a replacement, once a likely candidate has been found. The cost reaches a much greater total than ever realized.

*"That happened to me once too often," a veteran manager told us, "so I started doing some calculating. It didn't take me long to learn that it was costing me a lot more to replace employees than it would have cost to keep them."*

"Offering extra inducements that will keep my staff together has turned out to be a less expensive procedure than replacing them."

His methods to retain staff members have worked out. So have those which several other executives have outlined to us. Here are highlights from their combined experience which can be adapted in part to each company's individual operation.

A bonus program has been used in many ways. One not only provides for automatic increases of salary over definite periods of time but also offers additional inducements.

Another bonus plan in use sets up a fund on a profit-sharing basis. The company's profit determines the amount to be put into the fund each month. This in turn is pro-rated among the employees each three months. An employee quitting his job forfeits his share for that quarter, and this amount is redistributed among the remaining staff members. This plan, its users say, helps to eliminate the embarrassing situation when a key employee fails to show up of a Monday morning.

No matter what type of bonus program is set up it should contain an element of guaranty of maximum benefits for continued employment. Many a staff member will think twice before sacrificing such inducements.

*Pride in one's company* holds many a man to a job even when he knows he could make a little more money elsewhere. Such pride does not come automatically; management must work at instilling it in the staff.

Maintaining office facilities equal to or better than the competition's is one step in building *esprit de corps*; providing the most modern equipment with which to work is another. No individual can have much pride

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*A man wrapped up in himself makes a pretty small package.*

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—Anonymous

in the job if it entails working with antiquated equipment. Nor can an employee be proud of the firm if everyone knows it occupies an inferior standing in the business community.

Clean surroundings and comfortable and cheerful working conditions are essential. Insistence by management that every job be done right, without corner-cutting, will encourage confidence in the company.

Adequate compensation is obviously basic to retention of personnel. Any employer tempted to pay sub-standard wages will find such a policy shortsighted if he will keep records of what it costs to train replacements, and to do the work over, with the inevitable waste and loss of productive time. In the long run he may find that his "low" wage scale is actually well above that of his competitors' higher pay, for he is in fact inviting his employees to leave.

Extra incentives often spell the difference between staying and quitting. Many attractive incentives can be presented at low cost.

Insurance programs are in this category. The difficulty in this type of incentive is that employees tend to

forget the firm's contribution. The executive can keep that fact before the staff by such devices as reminders placed about the office and memos in pay envelopes.

Well-rounded programs of social activities scheduled at frequent intervals of the year are being used effectively by many companies. These have the added advantage, as in sports events and picnics, that the affairs usually are handled by the employees themselves, with limited expense to the company.

Letting the employee know he is regarded as a member of the company family and that his services are appreciated is of tremendous importance. To feel that one "belongs" is to desire to stay. If extra effort apparently goes unnoticed, resentment can well result. A pat on the back costs nothing.

### *Special Awards and Prizes*

Special awards or prizes have their place, but they set a precedent that can develop disgruntled employees.

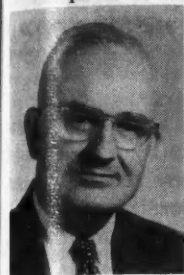
Pride of the employee's family in his job is a significant asset. If a wife is reluctant to tell acquaintances where her husband works, she can be expected to be encouraging him to find employment elsewhere. The employer who cultivates the friendship of the employee's family is doing much to clarify such situations. Many businessmen are finding it pays to make a social call on the new employee's family.

One company built an enormous amount of goodwill with a contest inviting employees' wives to submit ideas to improve operation of the business. Parties for employees' youngsters, sponsorship of baseball clubs for their sons, dances and other events for the family members are easy to stage and cost little.

*The job with a future* is the one to which most men will hold fast. The boss who periodically talks it over with his employees promotes incentive.

The successful manager will make certain that each employee has one or more good reasons for staying with the company—reasons which must be supplied by Management.

**T**IME sales of agricultural equipment build profit and goodwill, provided they are properly controlled under a sound credit plan, says J. D. Dodson, Dallas credit manager of John Deere Plow Company.



J. D. DODSON

Mr. Dodson offers three basic reasons why a sound plan is essential: new farm equipment costs a substantial sum and lasts a long time; every dealer needs a credit plan operated through his own organization, and a workable line of credit can be the convincer for a potential customer who is hesitating at the outlay.

"Many young farmers," the credit manager says, "lack the means to buy

sources should be brought to bear to close the deal then and there, and a good time sales plan is one of those resources. Any farmer who is a good credit risk should be permitted to buy either for cash or on time, as he may choose."

Mr. Dodson says the dealer who believes he does not need a credit plan should ask himself some factual questions. What is the total amount of his book accounts? What percentage of last year's net profits was carried open in book accounts at year-end? How much is unpaid of present open accounts, and what percentage is more than a year old?

"The young men just beginning to farm on their own will be someone's customers tomorrow and for many years thereafter. If they use a competitor's line, a dealer eventually will have to buy out the competitor or be satisfied with a diminishing volume.

sonnel, bad debt losses become prohibitive."

With few exceptions, Mr. Dodson points out, borrowing from some lending agencies to finance time sales of farm equipment is inviting bankruptcy in the long run.

"Sales of notes with full recourse, side buy-back agreement, or limited guaranties are all one and the same for practical purposes. Here the dealer depends upon the lending agency for credit guidance. The lending agency relies upon the dealer's guaranty. Neither party checks the credit of the maker very closely, and neither maintains an efficient collection department. The dealer never knows the extent of his liability. Defaulted notes are charged back to the dealer's commercial account, and that takes the money needed to operate the business and the cash proceeds of merchandise, a practice so hazardous that it adversely affects the dealer's credit with most suppliers.

## Sound Instalment Plan Builds Farm Equipment Profit Sales

for cash, and some of the well-to-do, also without ready cash, may be holding their products for better price on better finish, or may dislike losing accrued interest on money they have in the bank on time deposit. Then there is the farmer with limited means who now has become a good credit risk.

"It is essential the dealer's trade know that his equipment can be bought on a sound deferred-payment plan. It is not safe to send a customer out to borrow money for a cash transaction because he may stop to see a competitor who has a good credit plan and may buy from him. More and more competitors are equipped to complete a time transaction in their places of business.

"Many items are in dealers' stores on a floor plan. Many dealers borrow money to pay cash for the goods they have in stock. What could be more logical than that the lender, either on open loan or floor plan, send prospects to buy the goods in which he has a direct interest?

"Farmers must be called upon in the country if a satisfactory volume of business is to be done. All re-

And as the old farmers retire or die, new customers must be acquired to maintain a profitable sales volume.

"If some goods are not moving, an offer of time may be the bait that will land the order. Cue the terms to the customer's crop income."

Emphasizing the importance of a credit plan operated through the dealer's organization, Mr. Dodson points out the weaknesses of other methods.

"Use of the dealer's own cash surplus will serve only to a limited extent because of the large amount of money required. Borrowing from banks is restricted by law, limiting to 10 per cent of capital and surplus the amount they can lend to any one customer. Borrowing from individuals is not the answer. Very few persons have enough idle cash to finance even a medium-size time sale. Furthermore, scattering loans among several lenders weakens the confidence of creditors.

"Few dealers have sufficient volume of time business to justify the expense of an efficient collection department. Without careful investigation and consistent and persistent follow-up on collections by trained per-

"In the sale of notes to finance companies, some of the latter require the dealer's indorsement, which is just as much liability as indorsement to anyone else. Some require the dealer's guaranty of payment of the first one-third of the note or series of notes. Where the dealer has to pay the first one-third on default of the maker, he must necessarily take up the balance so as to protect his interest in the goods covered by that note."

Most finance companies' interest, he emphasizes, lies exclusively in collection of the debt, and "their methods are not likely to build business."

Furthermore, "most finance companies soon lose interest in farm equipment paper as they are not set up to handle it efficiently.

"Sale of notes to lending agencies, indorsed without recourse, is a safe plan so far as dealer's liability is concerned, but it is not a dependable outlet, for several reasons. The lending agency's ability and willingness to buy notes fluctuates with the times. Most depend more upon tangible net worth than upon the maker's ability

(Concluded on page 32)



# World Trade Expansion Challenges Credit Vision

*Executives May Be Plummetered into International Role, Says Schnellbacher*

**A**MERICAN credit executives "will conquer the new credit worlds" in the rapidly approaching era of greatly expanded international trade and industrialization, E. E. Schnellbacher, director of the office of trade promotion, U.S. Bureau of Foreign and Domestic Commerce, told the financial leaders attending the 61st Annual Credit Congress of the National Association of Credit Men at Miami Beach.

"Many export creditmen have become international creditmen because their companies no longer export, but manufacture abroad," Mr. Schnellbacher pointed out. "We in the Department of Commerce frequently have people call on us nowadays who plan to enter world trade through the investment route.

"You who are operating as domestic creditmen may be plummeted into the role of international creditmen without ever having gone through the export route and without sufficient knowledge of the new patterns in credit and trade practice. Preparation for the overall responsibilities of management, to which end the National Association of Credit Men has a very active program, may be a most advantageous and profitable step."

Pinpointing the challenge in the broadened horizon of credit operation are the proposed European Common Market, a suggested customs union among the five Central American republics, the plan for a West Indies Federation, Ghana, the new Malaya, and the coming Nigeria.

## *Nearby Trade Is Foreign Trade*

"Nearly all nearby trade in Europe is foreign trade," Mr. Schnellbacher noted. "The distance from Vienna to the farthest market in Europe is less than the distance from Passaic, N.J., to Akron, Ohio. What Europe calls foreign trade, among more than 16 nations, we in our country call interstate commerce! The trade between, say, Illinois and Indiana, transcends the trade between almost any two countries of Europe.

"But now the picture is to change. In the new Common Market of Europe, plus the Free Trade area, we will see



*E. E. Schnellbacher*

interstate commerce in full sway in Europe. No more frontier formalities, customs, and transport delays.

"Europe might appropriately be compared in market size and population with our own United States. The balance-of-payments figures between those nations may well become a gross national product figure of a mature United States of Europe. With it will come new—but recognizable to us—methods of distribution, credit and financing techniques, the full and unimpeded development of marketing and marketing research possible only in an economy such as ours—and that of the new Europe, where freedom from interstate and international obstacles will make possible more time for research and development. Already many producers are considering expansion, not through export, but through building plants abroad or making licensing agreements.

"Many American firms are setting

up foreign market research departments. A few years ago you could count on your fingers the firms that did a good job on foreign marketing. Today, we count several hundred who sent representatives to Washington to dig deeply into the information on file in the Department of Commerce. Almost a new profession is coming into being, and there is lots of room for newcomers to enter the broadening field of foreign market research, the world market that needs more American consultants and experts in foreign taxation, labor force and social legislation, industrial property protection, financing and credit."

## *Amazed by Free Data Exchange*

Mr. Schnellbacher said that businessmen abroad are amazed at the volume of statistical material available on the American market and at the free exchange of credit and technical information in our country. Many of them still consider as secrets the credit reports we regard as stock-in-trade. "But they are eager to learn and to emulate," he added, "and in their progress toward greater industrialization and better distribution we too will benefit from mutually profitable trade and investment."

The trade promotion director underscored the change in credit practice that began in the 1930's, "when the world's markets began to be afflicted with economic warfare, when governments met competition and money shortages by issuing regulations," so that by the end of World War II "foreign traders and creditmen were to a considerable extent mastering the catechism of government controls and modifying their practices accordingly." The last ten

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*"To a great extent, our industrial development had its origin through foreign private investment of the Western European countries. We have built on these origins, surpassed our early teachers, and through the normal process of trade and investment we are now returning our advanced industrialization, marketing, and service accomplishments to those who have given us their age-old basics."*

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*E. E. Schnellbacher*



years, however, have developed a new kind of trade technician.

American industry and business will be the buyer or seller of approximately 30 per cent of the goods moving in world trade this year, Mr. Schnellbacher said. "Furthermore, while exports of the United States in 1957 will total about \$18 billions (4 per cent of the expected gross national product), actual business done by United States firms through foreign subsidiaries and branches might well bring our total up to nearly double that amount. Foreign countries are expanding their industrial output tremendously, and these new investments in industrial expansion are opening new markets."

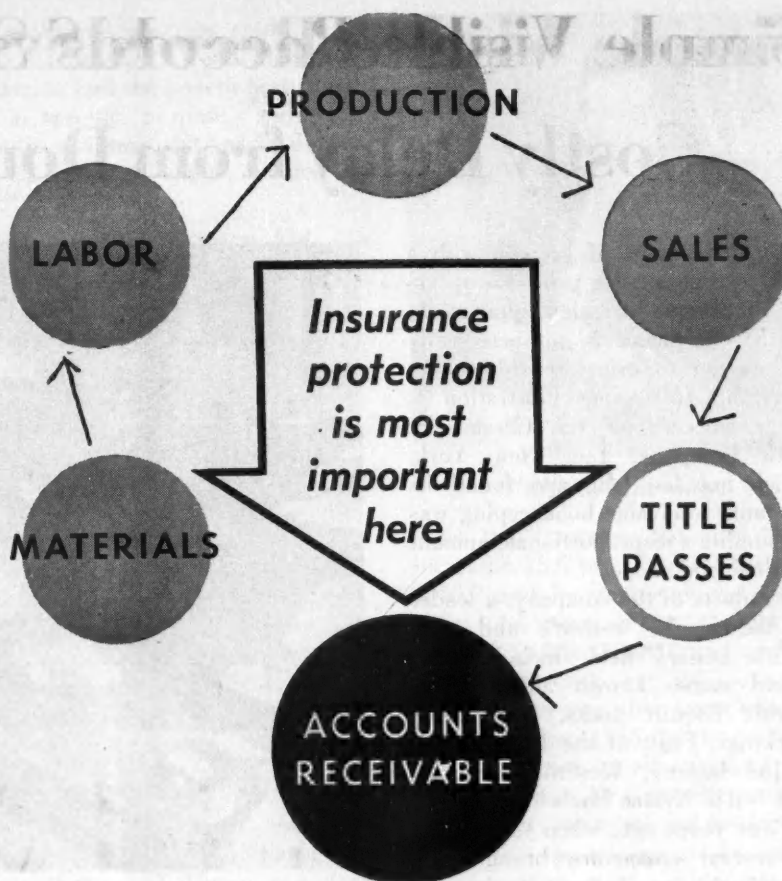
Through June 1957, less than three years after the program of participation in world fairs was launched, the U. S. Department of Commerce had presented exhibits in 56 trade fairs throughout the world, attracting 35 million viewers. U. S. trade missions now are visiting Peru, Argentina, Burma, Malaya, Singapore and Hong Kong.

From reports to the Department's office of business economics Mr. Schnellbacher presented the conclusions that "contrary to common beliefs and in spite of all obstacles" Americans are investing abroad at an unparalleled rate and the huge investments made since the war are contributing very substantially to production and incomes in foreign countries, particularly in Latin America.

#### Sees Bond Yields Reflect Present Business Levels

With the outlook for continued high demands for long-term funds and no upsurge in savings, bond yields may for some time continue to fluctuate within the fairly high range established so far in 1957, in the opinion of Dr. Roy L. Reiersen, vice president and economist of Bankers Trust Company, New York. He also expressed the belief that bank lending rates will remain around present levels in the months ahead.

If business prospects should take a more bearish turn in the course of the year, the bank economist said, interest rates may be expected to ease somewhat. "At the moment, however, there is no evidence at hand to suggest a decline in business activity so pronounced as to warrant the adoption of an outright easy credit policy."



*Don't end protection when  
the risk of credit loss begins*

When a shipment is made—title passes—and you create an account receivable. You are more certain of the end result—PROFIT—when you protect accounts receivable with Credit Insurance. That's why an increasing number of executives have decided that NO cycle of protection is complete unless capital invested in accounts receivable is insured by ACI. To learn more about Credit Insurance, call our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY of New York, Dept. 47, 300 St. Paul Place, Baltimore 2, Maryland.

*Liquidity of capital is the  
prime responsibility of management.*

*Protect your working capital  
invested in accounts receivable  
with*

**American  
Credit  
Insurance**

# Simple Visible Records System Ends Costly Delay from Doubled Workload

**A** PROBLEM of growth, with a different twist, proved in its solution that complex highly mechanized equipment is not necessarily the answer to every record-keeping situation. Interesting illustration is the experience of the Chester H. Roth Company, Inc., New York, which not too long ago found its accounts receivable bookkeeping was consuming a disproportionate amount of time and money.

Products of the company, a leader in the men's, women's and children's hosiery field, include these brand names known all over the world: Esquire socks, Schiaparelli stockings, Fruit of the Loom socks, Mojud hosiery, Westminster socks, and Nolde Nylons Bachelor's Friend.

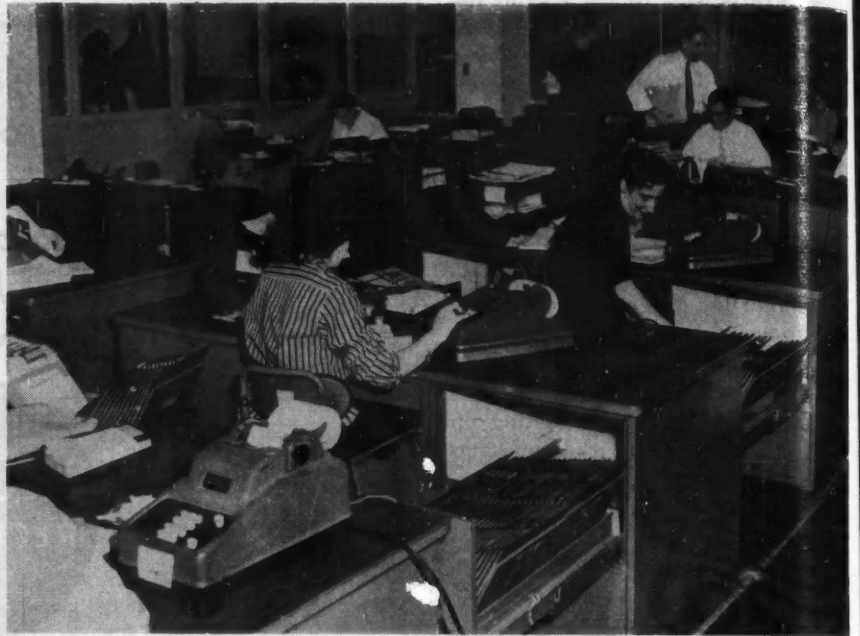
Four years ago, when the merger of several companies brought the organization to its present size, explains credit manager William Stavrakos, "it doubled the workload of our centralized accounts receivable department here in New York. Overtime work had become the rule for our staff, and even so our invoice accounting often lagged as much as three weeks".

A simple visible record system has enabled the company to handle accounts receivable "four times faster than before, and with far greater accuracy," Mr. Stavrakos notes. "Moreover, owing to its elimination of overtime work and other expenses, the new system is saving us approximately \$50,000 annually.

"The new method we chose was anything but complex; it has eliminated the need for postings or transcriptions of any kind. It is Remington Rand's Simplified Unit Invoice Accounting Plan, or SUIAP, in which carbon copies of the invoices themselves are made to serve as the accounts receivable ledger."

## Tray of Panels

The heart of this system is a tray of panels, each holding a number of overlapping visible record pockets. Each of these pockets represents a customer account, and contains a simple card form showing a sum-



*PARTIAL VIEW of the Remington Rand SUIAP installation (foreground) at Chester H. Roth Company, Inc., New York City, which includes 14 insulated Safe-Desks. Invoice copies, filed in visible-record pockets representing their accounts, form the accounts receivable ledger in the timesaving SUIAP system in operation in the office of this leading hosiery manufacturer.*

mary of that customer's credit history and payment trend.

As invoice copies come into the Roth company office they are simply sorted, totaled and dropped into the appropriate pockets, to be removed when corresponding payments have been received. "Thus the current status of any given account is always at our fingertips; we have only to flip open the pocket to find the full story."

The movable Graph-A-Matic signal in the visible margin, which is advanced along a printed scale of months as the account is brought up to date, permits immediate check of the status of many accounts. By simply glancing down a row of pockets, the clerk can spot overdue accounts by the irregular positions of their signals. Crimped signals, also in the visible edge, are used to flag accounts on which collection action has been taken.

Sitting at a Safe-Desk containing two drawers of 1,800 record pockets, a girl without any special training can take full charge of that

many accounts, performing routine credit authorization if necessary, proving and entering charges, applying and proving remittances, and dispatching the first three form letters involved in collection follow-up.

## Morale Factor

"We now have 14 of these insulated desks, covering all of our 20,000-odd accounts," Mr. Stavrakos adds. "The department has little or no overtime. Errors are at a minimum, for the obvious reason that there is no copying or transcribing of figures from one record to another. We have never lost a piece of paper under the system. Once a month we run a trial balance on each desk to make sure the records jibe with cash receipts.

"There is also an important morale factor involved. The girls take pride in their work, and agree that their days seem shorter now than when they were assigned to monotonous, repetitive chores."

Another important advantage of



**WILLIAM STAVRAKOS** joined **Chester H. Roth Company, Inc., New York**, seven years ago as associate creditman. He was a member of the varsity football eleven at **Georgia Tech**, from which he was graduated in 1947 after serving 3½ years with the Navy in World War II. He also attended the **New York Institute of Credit**. Mr. Stavrakos is a member of the **New York Credit & Financial Management Association** and corresponding secretary of **New York Men's Furnishings Manufacturers Group**.

the new system is that it protects the company's receivable records against fire. With the drawers closed, every Safe-Desk becomes an insulated, fire-resistant vault at the point of use, certified to withstand the most intense flames for one hour without damage to its contents.

#### **SUIAP's Simplicity**

"Perhaps of major interest, from the point of view of management, is the obvious proof that complex, highly-mechanized equipment is not always the answer to a recordkeep-

ing problem," observes credit executive Stavrakos. "It's still most important to find the system best suited for a specific purpose, and very often it will turn out, as it did in our case, that a simple method is best."

#### **Industry Favors Foreign Aid, Standard Finance Study Finds**

Economic aid to foreign countries, to encourage industrial growth, is an area of agreement among businessmen, according to a survey of 137 manufacturers of motor vehicles, parts, chemicals, wood and paper products, synthetic rubber, nonferrous metals, electrical machinery, mining equipment and machine tools, all of whom produce for the export market. Variations occur however in the forms this aid should take. The survey was conducted by **Standard Financial Corporation**, formerly **Standard Factors Corporation**, of which **Theodore H. Silbert** is president.

#### **Profit Squeeze in Air Transport**

In his introduction to the 18th edition of "Air Transport Facts and Figures," **Stuart G. Tipton**, president of the **Air Transport Association**,



**William Stavrakos**

notes that "revenue ton-miles flown increased 15.6 per cent in 1956 over 1955," and "even though the industry's total revenues hit an all-time high of \$1,861,175,000, an increase of 13.9 per cent over 1955, the net operating income after taxes was 7.2 per cent below 1955 due to continuing rising costs in all phases of airline operation. This steadily narrowing gap between gross and net income means that the airlines are becoming progressively more vulnerable financially."



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## Two-Way Radio Systems Help Control Flash Disasters at Industrial Plants

**T**WO-WAY RADIO is increasingly filling a two-way function in disaster control at industrial plants. Besides use to effect maximum efficiency in the handling of materials there is growing application of such systems to overall safety programs, often built around the radio for instantaneous communication.

Damage from an explosion and fire at the vast Whiting refinery of Standard Oil of Indiana last summer was confined to a very small area with the help of the 36-unit mobile radio system installed five years ago, integrated into Standard's disaster and fire-fighting setup.

Several directions in which radio can provide safety benefits in the plant are brought out by other case histories.

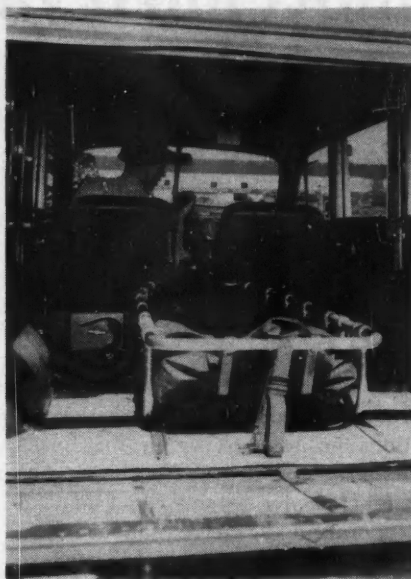
### Hazards Instantly Reported

There is the instant reporting of a serious accident to a worker, in office or shop, or the critical hazard of escaping gas or other chemical. Because radio-equipped vehicles handling materials or on other duties are constantly on the move, one or another car usually is near the scene of the emergency to call assistance, when the saving of a fraction of a minute can mean the saving of a life.

### Operations Personally Directed

Another area of radio function is in personal direction of emergency operations. The plant emergency director or fire marshal, by microphone in immediate contact with the entire crew, can effect maximum use of manpower and equipment. At the Chicago warehouse and shipment center of Johnson & Johnson, for example, a fire started. The nine fork-lift trucks equipped with two-way radio were at the spot in seconds. With one of the nine acting as control point for fire-fighting instructions, the others forked tons of stock out of range of damage.

When a worker is seriously injured and requires medical attention immediately, a radio-equipped vehicle can be counted on to be nearby, to contact the dispatcher, who has been trained to get help in a hurry. Parenthetically, two-way radio never is afflicted with "busy signals."



*TWO-WAY radio in station wagons used as protection patrols of industrial plants provides communication for speedy action to save lives and property.*

A third benefit is "environmental control" of an emergency situation, to prevent the milling around of crowds both on the way to and on the scene of fire, injury or crime. Furthermore, mobile radio units, strategically situated, can work together to route personnel to separated exits in a rapid mass evacuation and thus avoid crowd panic.

### Preparing for Use of System

In installing two-way radio units in a plant, several steps of preparation are suggested for effective operation.

First, determine the communication problems peculiar to each kind of emergency—fire, flood, earthquake, process explosion, tornado, structural collapse, injury to an individual. Against a possibility that the disaster would cripple the wire communication system, the stationing and specific duties of each mobile radio can be pre-arranged.

Also prerequisite is instruction, at group meetings, of the operators of the mobile radio units. Simulated emergency drills periodically are indicated.

Intra-plant publicity to the safety provisions available through the cen-

tral radio dispatcher will train key employees in how to summon help.

Each person connected with the emergency program must be made thoroughly familiar with the simple operation of the radio units.

### Tax Reform Needed Besides Tax Reduction, Says CED

The most important domestic issue facing the nation today is "to keep Federal expenditures from rising at a rate that absorbs all available tax revenues generated by economic growth," declares the Research and Policy Committee of the Committee for Economic Development. Establishment by the Congressional tax committees of a special non-partisan advisory commission to develop proposals for federal tax reform is called for by the committee.

Federal, state and local governments now account for approximately one out of every four dollars spent in the United States, notes the CED. "The primary responsibility for formulating federal budget policy and for presenting the information necessary for national decisions about that policy rests with the Executive," the Committee says, recommending that the President "set as a target a level of expenditures that will permit balancing the budget with a lower level of taxes."

Cautioning, however, against any tax cut without assurance that a surplus will be maintained in the cash budget, the CED statement suggests six areas in which efforts to cut the budget should receive particular attention: (1) programs for agricultural assistance, veterans, and for stockpiling minerals; (2) activities that properly should be performed by state and local governments; (3) activities that conflict with private enterprise; (4) postpone public works projects where possible; (5) justifiable payment for governmental services rendered to corporations and individuals; (6) improved efficiency throughout government.

The statement, "Tax Reduction and Tax Reform—When and How," was released by F. B. Wilde, president, Connecticut General Life Insurance Company, Hartford, chairman of research and policy committee of CED, and J. Cameron Thomson, chairman, Northwest Bancorporation, Minneapolis, chairman of fiscal, monetary and debt management subcommittee, CED.



## WASHINGTON

BEGUN ON P. 6

some customers and not to others would act "to substantially lessen competition."

Another bill pending before the Senate judiciary is the NACM-backed Arrangements Bill, H.R. 13, to streamline proceedings under Chapter XI of the Bankruptcy Act. Other bankruptcy bills, penned up in the Senate Committee, reported on in last month's "Washington" column, were H.R. 106 to authorize courts of bankruptcy to determine the dischargeability of provable debts, and H.R. 5811 to provide for combining of notices to creditors.

### *House for SBA Permanent Status*

The Small Business Administration's permanent status was approved by the House. The SBA bill would increase the agency's total lending authority from \$230 millions to \$500 millions and lower the maximum permissible interest rate on small business loans from 6% to 5%. Under the bill disaster loan authority remains at \$125 millions.

In the meantime the Federal flood indemnity administration was voted out of business by Congress. It had been set up to carry out the pro-

gram provided for in the Federal Flood Insurance Act of 1956, passed in the wake of the disastrous floods and hurricanes of the fall of 1955. An appropriation of \$50 millions had been sought. The Senate agreed to \$14 millions, which was estimated barely enough to keep the agency in business. This subsequently was turned down by the House, and the Senate, on the second go-around, followed the House's lead.

ALTHOUGH a reduction in the national debt was effected in the 1956 fiscal year, the overall debt has increased in the last four years, George M. Humphrey, secretary of the Treasury, told the Senate finance committee on questioning by its chairman, Senator Harry F. Byrd (Dem., Va.). The secretary also accepted figures of Senator Byrd that the Administration purposes to spend \$9 billions more, including highway outlays, in fiscal 1958 than in 1955. The total debt for 1958 is \$73.6 billions.

Were current "creeping inflation" to continue, they agreed, the nation would face a "serious" condition, but Secretary Humphrey said that "the pressures we have been exerting" against inflation, among them tight money, "will gradually become more effective."

## "ELABORATE HANDBOOK ON HOW CHAPTER XI WORKS"—N. Y. TIMES

CREDIT EXECUTIVES, ACCOUNTANTS, TREASURERS, BANKERS—these are the executives for whom this "elaborate handbook on how Chapter XI works" was prepared. Search from cover to cover, you won't find a single "whereas" or even a "party of the first part." Just 55 pages of down-to-cases, factual information, written in clear, concise businessman's language, explaining your rights—and responsibilities—as a Chapter XI creditor.

For your copy of this informative publication, write us at the address below, enclosing your check which should be made payable to NEW YORK CREDIT GROUP SERVICE, INC. Send \$1.00 for each copy you want (\$1.03 in New York City area to cover local Sales Tax).

Department C

NEW YORK CREDIT & FINANCIAL MANAGEMENT ASS'N

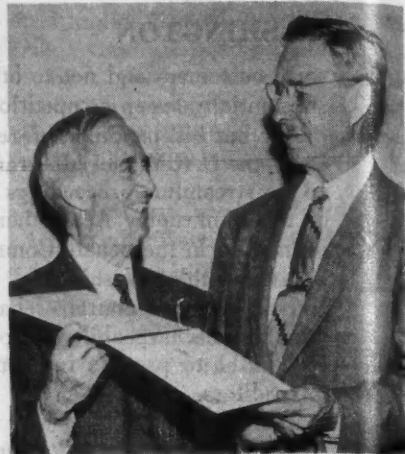
71 West 23rd Street, New York 10, New York

The image shows the cover of a handbook. The title is written in a stylized font: "what the Business Executive should know about CHAPTER XI of the National Bankruptcy Act". The word "CHAPTER" is in a bold, sans-serif font, and "XI" is in a large, decorative serif font. Below the title, it says "published by New York Credit & Financial Management Association". The cover has a dark background with a white border and a white arrow pointing towards the top left corner.



AT RECEPTION given by President José Morilla of Asociación de Profesionales de Crédito de Cuba, Mrs. Morilla and association members to 40 delegates from the Credit Congress on a post-convention visit to Havana. In the delegation was L. C. Scott, E. L. Bruce Co., Memphis, immediate past vice pres. NACM southern div.

RIGHT: E. T. Larson (right), W. D. Allen Mfg. Co., Chicago, receives certificate of merit from Fred Schrop, NACM, for service as CACM Fraud Prevention chairman.



THREE in New Orleans Credit Men's Assn. receive fellow awards, National Institute of Credit. (L to r) C. H. Mayfield, asst. vp., Hibernia National Bank; A. G. Windmeyer, credit mgr., Chase Brass & Copper Co.; J. A. Churella, Jr., American Credit Indemnity Co. of New York; J. W. Salisbury, Sr., credit mgr., South Coast Corp., president of the Institute.



NEWLY ELECTED to the board of directors, Columbus (Ohio) Credit Assn. (L to r) Oliver W. Hord, credit manager of Pittsburgh Plate Glass Co.; George E. Young, branch manager, United States Plywood Corp., and Frank M. Maerker, v.p., treas. and asst. gen. mgr., The Athens Flooring Co. and Malta Mfg. Co., Athens, Ohio.



GAVEL OF OFFICE as president of the Credit Managers Association of Southern California is received by Leon H. Stacy, office and credit manager, Grinnell Company of the Pacific, San Francisco branch. The retiring president is Frank Dansby, Union Bank & Trust Co. of Los Angeles winner of the 1956 Alumni Award NACM Graduate School (Stanford).



JOHN C. WIESNER (left), credit manager, California Packing Corp., San Francisco, receives \$700 check, under corporation's suggestion plan, from William Carr, v.p. The suggestion called for collation of the cashier department's draft form and the invoice form into one typing operation. The operation is now by tabulating equipment.





HONORED as Credit Manager of the Year by The Credit Association of Northwestern Ohio (Toledo) is James W. Marsteller (right), credit manager of the De Vilbiss Company. Making the presentation is N. S. House, credit manager of the Howard Zink Corporation.



FORMAL PRESENTATION of the silver tray award of the Royal Order of Zebras for membership honors is made to S. E. Abernathy (right) of J. A. Folger & Co., at Portland, Ore., by J. K. Beyerle, Hills Bros. Coffee, Inc., Portland assn. president. At left: R. W. Kupfer, exec. v.p.



NEWLY NAMED official family of the Knoxville Wholesale Credit Association, headed by President T. Edward Meek, office manager, J. Allen Smith & Co. (L to r, seated) Miss Ruth Davis, mgr., Credit Interchange Dept.; C. E. Harris, counselor, auditor of H. T. Hackney Co.; Mr. Meek; Mrs. Juanita Ford, assn. treas., Power Equipment Co. STANDING: H. M. Webster, treas. House-Hasson Hardware Co., asst. secty.; J. C. Terry, asst. secty. C. M. McClung & Co., v.p.; W. E. G. Godwin, office mgr. & asst. secty. East Tennessee Packing Co., v.p.; Terry Horn, owner, Terry Horn Seed Co., v.p.; and J. A. Mathis, assn. secretary-manager.

ELECTED officers of the Boston Credit Men's Association, named at the 60th annual meeting. President is Raymond P. Coyle (front row, middle), vice president of Hub Distributors, Inc. (Left to right, seated) are the association's second vice president Raymond T. Custer, New England district financial manager, Graybar Electric Co.; Mr. Coyle; and first vice president Albert Pauly, credit manager, Samuel Cabot, Inc. STANDING: assistant treasurer Everett B. Trask, office manager, E. F. Mahady Co., and treasurer George F. Moss, credit manager, Brown Durrell Co., Cambridge.



# Modernizing the Office

*New Equipment to Speed Production and Reduce Costs*

## Clean Ribbon Typewriter



397 A development that will please countless secretaries is the new ROYAL MCBEE FP Standard Office Typewriter with clean quick-change typewriter ribbon. Fingers do not touch the inked ribbon. Twin plastic cartridges of the Twin Pak ribbon are held in either hand; the ribbon is laid in place in the ribbon carrier; each plastic cartridge is simply dropped into place. To increase speed, decrease typist's fatigue, each typewriter key has individual coil spring matched to strength of finger operating it. Acoustic lining gives quieter operation. Two-tone color combinations; manual and electric models.

## Speeds Data Processing

398 For large and small businesses, in applications where tabulating cards may be used, the FTCP-8 Friden Flexowriter Programatic Tape and Card Punch automatic writing ma-

*This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.*

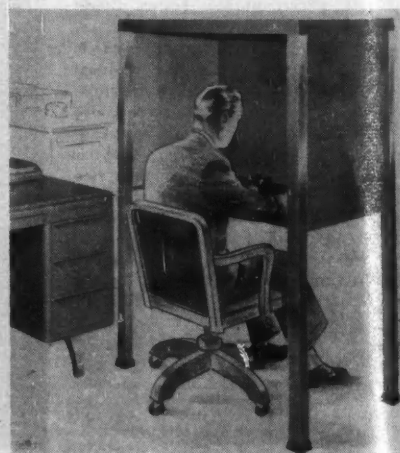
chine offers speedier processing of data while reducing need for clerical help, tabulating card converters, key punches and verifiers. The Model FTCP-8, developed by COMMERCIAL CONTROLS CORPORATION, subsidiary of Friden Calculating Company, will produce any style of typed document and simultaneously create as a by-product select or composite punched paper tape and tabulating cards. The FTCP-8 is shown cable-connected to IBM 026 at right (it also may be connected to IBM 024).



ing both sides of check simultaneously, says manufacturer. Simple to operate, unit does not require trained operator.

## Phone Quiet Amid Noise

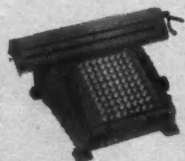
400 In offices where considerable noise, conversation crosscurrents and other inter-desk interference prevail, the General Utility Acoustical Enclosure developed by BURGESS-MANNING COMPANY's architectural products division, provides an island of quiet which permits phone conversations to be understandable, confidential and free of error. Of all-steel construction, the enclosure employs high quality sound-absorbing material and comes in silver-gray hammerloid finish.



## Low-Priced Microfilmer

399 The new 16mm. DOCUMAT PFA microfilm flow camera should enable many businesses and industries which previously could not afford it, to utilize this method of recordkeeping. Manufactured by Documat, Inc., the PFA features filming speed of approximately 125 ft. of printed copy a minute. Adjustable for either duplex or duo operation, it can record 7,200 8½x11" pages on a single 100ft. roll of film; in recording checks it can handle as many as 10,000 individual checks, or 20,000 images photograph-

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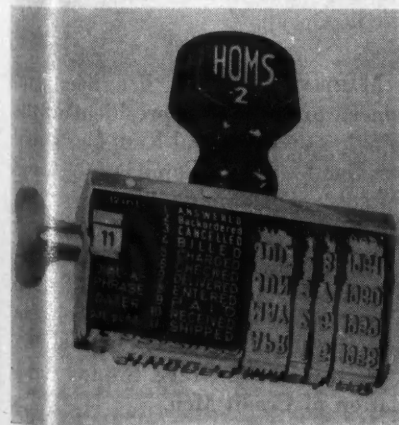
## More Compact Copier

401 A newly styled, more compact model of the THERMO-FAX "Secretary" copying machine, offered by Minnesota Mining & Manufacturing Company, makes exact copies of originals in as little as 4 seconds, by a completely dry, all-electric, one-step pushbutton control process. Unit measures only 19" wide x 15" deep x 9" high, and weight is 20 lbs. less than earlier model. Machine takes paper to 8½" widths; fits conveniently on office desks or special cabinet floor stand; comes in pastel green cabinet. Price is approximately 10 per cent less than earlier models, says manufacturer.



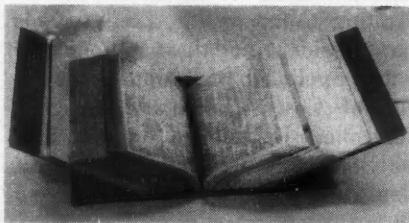
## Dial This Dater

402 Dial selection is one of the features of the multi-purpose combined phrase-and-date office stamp of Douglas Homs Company. The M-2 DIAL-A-PHRASE DATER provides 11 of the most essential office phrases, followed by a #1½ line dater, all in one rubber stamp. Phrases are alphabetically listed and numbered on an anodized aluminum dial. User simply turns selector key until desired phrase number appears in dial window. A blank space on phrase band permits use of stamp as standard line dater without a preceding phrase.



## Directory Unit

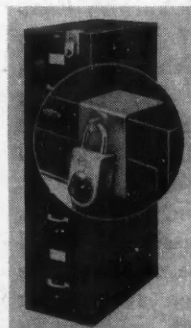
403 This DIRECTORY ORGANIZER UNIT holds directories, telephone books, purchasing guides and other frequently used reference volumes in one compact setup. Product of Buchan Loose Leaf Records Company, unit accommodates up to 18 inches of bound and/or looseleaf material with up to 13-inch binding edge. Books, set at convenient angle for reference, are held securely in



place with wires or sheetholders, and open for full visibility to binding margin. End wings are easily adjustable. Made of heavy gauge steel, with rubber feet, unit comes in gray finish.

## Drawer Locking Device

404 The One-Drawer Locking Device of REED MANUFACTURING COM-



PANY permits locking *only* the top drawer in ordinary four- and five-drawer file cabinets, allowing classified material to be locked up while other unclassified material is readily accessible. Device

enables conversion of existing files into security files to meet government regulations. Installation can be completed within minutes.

## Mechanized Filing

405 Advantages of mechanized filing now are possible for many more businesses, with the new motorized Super "46" Elevator File of DIEBOLD, Inc., which provides push-button filing for fast and efficient mass record handling. Through the unique "priority pilot," no record is further than 3 sec. from clerk's fingertips. Records are brought to file clerk by shortest route without necessity for trays to complete full

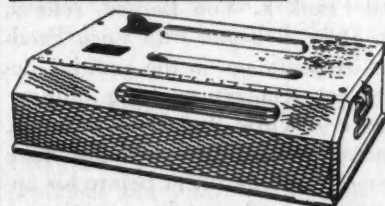


cycle. Capable of holding approximately 125,000 5x3" records, unit can also accommodate 8x5" and 6x4" records, tab cards and MIB cards. Trays are simple to remove. The "46" requires less than 17 sq. ft. of floor space.

## "Multilingual" Typewriter

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## ON THE Personal Side

GEORGE J. KELLEY has been appointed vice president of Swank, Inc., Attleboro, Mass. He had been controller since 1952 and a director since 1955. Mr. Kelley began with Swank in 1946 as office manager, becoming assistant controller and credit manager in 1950. A director of the Rhode Island Association of Credit Men and the Jewelers Board of Trade, Mr. Kelley also was active in the Men's Furnishings and Manufacturers' Group of the New York Credit & Financial Management Association.

Author of a number of articles on office management, some of them marking out new paths in office operations, Mr. Kelley is known to CFM readers for his June '54 article, "Swank's Billing System Tells the Saga of Marketing the Machine to Fit an Idea", and his June '57 article, "Automation Provides Bridge to New Office Operation Control Techniques."

JAMES P. DRISCOLL has been named assistant treasurer, Corn Products Refining Company New York, to succeed Frank E. Von Bargaen, retired. Mr. Driscoll began with Corn Products 31 years ago in the auditing department. On return from military service in World War II he went into general accounting, becoming manager of the department before his appointment to the credit operation.

C. A. CHAFEY, JR., has been promoted from assistant credit manager to credit manager, Bethlehem Pacific Coast Steel Corporation, San Francisco. In his new post he has overall supervision of the company's accounts in the steel division. He went with the company at Bethlehem, Pa., in 1951 from Bankers Trust Company, New York City.

DEAN C. CHAMBERLAIN has been appointed treasurer, John B. Stetson Company, Philadelphia. He began with Stetson in 1953 as office manager, was made controller in 1955. Earlier he had been with Talon, Inc., and Johnson & Johnson.

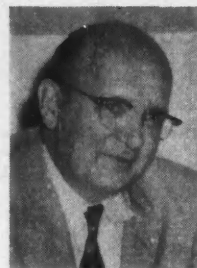
NORMAN E. KERTH, formerly secretary, has additionally been named vice president of Con. P. Curran Printing Company, St. Louis. He is past president and past national director, Spot Club of National Association of Cost Accountants, member Controllers Institute of America and the St. Louis Association of Credit Men.

R. P. DENNETT, formerly controller, has been named treasurer, Kraft Foods Company, Chicago. A graduate of Pace College, New York, his first employment in the food field was as assistant division controller, Phenix Cheese Company, which became a part of the Kraft organization.

STANLEY M. COX has advanced to assistant treasurer and assistant secretary, Cook Paint & Varnish Company, Kansas City, Mo. He went with the company 25 years ago as credit manager in the St. Joseph, Mo., branch retail store. Later assigned to the Detroit and St. Louis divisional offices, he served as director of the credit associations in both cities. Most recently he was assistant general credit manager of the company. He authored the article on streamlining office operations which appeared in CFM April 1956. Mr. Cox is a member of the American Bar Association.

J. WALDRON JULIAN, recently named assistant treasurer of Basly-Welles Corporation, Chicago, started as stock clerk with the company 17 years ago. He was appointed manager of credits and collections in 1950. Mr. Julian is assistant secretary of Machinery and Mill Supply Division, Industry Group, of Chicago Association of Credit Men.

LEROY H. SYPHER has been advanced to secretary of American Screw Company, Willimantic, Conn., which he joined in 1951 as assistant credit manager, moving up to credit



G. J. KELLEY



J. P. DRISCOLL



D. CHAMBERLAIN



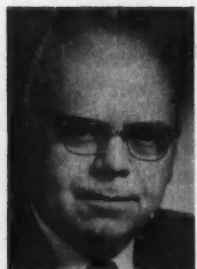
C. A. CHAFEY, JR.



R. P. DENNETT



N. E. KERTH



S. M. COX



M. E. LILLIE

manager three years later. Mr. Sypher, graduate of accounting, University of Connecticut, had begun with Rayonier, Inc., in 1948. He was a fighter pilot in World War II. Mr. Sypher is a member of NACM's National Hardware Manufacturers Credit Group.

MARTIN E. LILLIE has been advanced to senior vice president of the banking division, Old Kent Bank and Michigan Trust Company, Grand Rapids. A veteran of 36 years with the bank, Mr. Lillie has worked in auditing and credits, becoming assistant cashier in 1940, vice president in 1943. He is past president, Michigan Chapter, Robert Morris Associates, and active in the Grand Rapids Association of Credit Men.



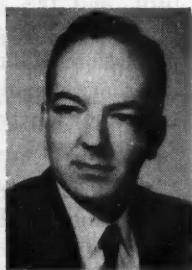
**J. ALLEN SWANSON** has been elevated to vice president, Marquette National Bank of Minneapolis. He joined the bank as credit manager in 1947, advancing to assistant vice president. Previously he had been with LaSalle National Bank of Chicago. Mr. Swanson is wellknown for his activities in banking credit and the Credit & Financial Management Association of Minneapolis.

**HIRAM A. WALKER** has been appointed office and credit manager at the Charlotte, N.C. steel service plant of Joseph T. Ryerson & Son, Inc. A graduate of Drexel Institute of Technology, Mr. Walker began with Ryerson at the Philadelphia service department in 1940.

**RICHARD C. MILLER** becomes credit



J. A. SWANSON



H. A. WALKER



I. R. ABERNATHY



W. A. SPITLER



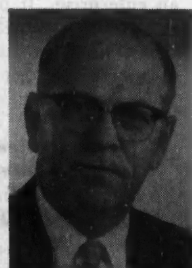
J. F. PAPER



J. V. LESTER



J. L. AUCH



E. H. EATON

and office manager at Ryerson's new Indianapolis plant. Mr. Miller, a graduate of Carleton College, was for three years with General Electric Company, going with Ryerson, Chicago, in the credit department in 1953.

**W. A. SPITLER** has been named executive vice president and treasurer, Fulton Supply Company, Atlanta. At the same time **I. R. ABERNATHY**, assistant secretary and assistant treasurer, was named a director of the company. Mr. Spidler, with the industrial mill and mine supply company since 1919, has been treasurer since 1934, was additionally appointed vice president in 1956. He is a member of the Georgia Bar Association, has served four years as mayor of Avondale Estates (Ga.) and currently is city court judge there.

Mr. Abernathy, a 17-year veteran of the company, is a graduate of Georgia State College of business administration and Atlanta Law School. Both Mr. Spidler and Mr. Abernathy are active in the Georgia Association of Credit Men, Mr. Spidler having served as a director.

**SCOTT HARROD** has been named a director of DITTO, Incorporated, Chicago, and appointed to the newly established post of executive vice president and general manager, in charge of marketing and Canadian operations. Mr. Harrod formerly was vice president in charge of finance, research and manufacturing.

**JOHN F. PAPER** has been appointed credit and traffic manager, Johnson Motors, division of Outboard Marine Corporation, Waukegan, Ill. He succeeds Joseph Zielbeck, who has gone over to Outboard Marine International S.A., at Nassau headquarters. From the Department of Agriculture accounting office, Madison, Mr. Papen went with Johnson Motors in 1937, starting in the timekeeping department. He was assigned to credit and traffic in 1944.

**ELDEN H. EATON** has been named assistant treasurer, The Firestone Tire & Rubber Company, Akron. From Kansas City school of law and finance, Mr. Eaton went with Firestone in 1926. He was variously assigned to auditing, credit work and stores accounting in midwest and western divisions before becoming operating

assistant to H. D. Tompkins, vice president in charge of trade sales. In 1948 he was placed in charge of retail store operations and in 1953 named operating manager of trade sales.

**JAMES V. LESTER** has been elected vice president and treasurer, Standard Pressed Steel Company, Jenkintown, Pa. Following graduation from Columbia University in 1941, he went with Rohm & Haas Company, Philadelphia; then with SPS in 1946. He became controller in 1947, treasurer in 1952. He is past president Philadelphia Chapter, National Association of Cost Accountants.

**JOHN L. AUCH** has become treasurer and a director of National Electric Products Corporation, Pittsburgh. Prior associations were with Pittsburgh Coal Company, later the Pittsburgh Consolidated Coal Company, as vice president, and most recently as financial vice president, Great Lakes Pipe Line Company, Kansas City, Mo.

**THOMAS H. CASSON** has been appointed vice president, finance, and controller, The Teleregister Corporation, Stamford, Conn.

**JACK J. LATHAM** has been elected a director of Carr Paper Company, Pomona, Calif., of which he also is treasurer. Mr. Latham has the Executive Award of the NACM Graduate School (Dartmouth 1956).

In promotions at Allen B. Du Mont Laboratories, Inc., Clifton, N.J., **DONOVAN H. TYSON**, previously vice president and controller, has become vice president and treasurer, and **ROBERT W. NORCROSS**, general credit manager, has additionally been named assistant treasurer. Mr. Norcross went with Du Mont last year from Servel, Inc., Evansville, Ind., where he had been manager of the credit and collection department.

Following formation of its new Development Group, Crucible Steel Company of America, Pittsburgh, has named **DANIEL A. PORCO**, former controller, to the newly created position of manager-development. **C. H. LIBBY** has been advanced from assistant controller to controller, and **W. W. RINEHART, JR.** steps up into

(Concluded on page 34)

# Guides to Improved Executive Operation

## KEEPING INFORMED

**WHY "SAFE" CREDITS NEED PROTECTION**—by Allan Earnshaw. 16-page booklet outlines various credit-risk situations which cannot be foreseen and may occur even in concerns whose credit standing may be above question at time of credit extension. The role of credit insurance as an aid to credit management is explained. For free copy, write American Credit Indemnity Company of New York, Dept. CFM, First National Bank Bldg., Baltimore 2, Md.

**A CLOSE LOOK AT CONTROLLED CREDIT DISTRIBUTION**—Leaflet explains controlled credit distribution in five simple steps, gives a typical example. Free. Write New York Terminal Warehouse Co., 25 S. William Street, New York 4, N.Y.

**MARKETING RESEARCH PROCEDURES**—Basic information sources to aid wholesalers and others who wish to add new lines or territories, determine sales potentials. Business Service Bulletin No. 9, 7 pages. Write U. S. Department of Commerce, Washington 25, D. C., or nearest field office. Free.

**SOUND CREDIT POLICIES FOR SMALL STORES**—A 5-page pamphlet available free from the Small Business Administration, Washington 25, D. C., or its field offices. It provides a review of good credit procedures and could be useful to salesmen who want to help small accounts grow. Included is a summary of management aids, technical aids.

**CAPITAL GOODS REVIEW No. 28**—Analysis of declining balance and sum-of-digits methods of computation to save taxes under the new depreciation systems. Write to Machinery & Allied Products Institute, 1200 18th St. N.W., Washington 6, D. C. 25¢.

*Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.*

*To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.*

## EFFICIENCY TIPS

609—"Crime Prevention Loss," 42-page booklet of Continental Casualty Company describes various causes of loss, and lists means of preventing them. Available together with sample of the "Check-Record" form, designed to reduce business losses due to stolen, lost or destroyed checks.

610—Illustrated brochure describes how P-A-X internal business telephone system is used by one company to save time, cut costs, establish closer administrative control and improve customer relations.

611—"What Every Businessman Should Know about Electronic Brains," 24-page pocket-sized booklet, cartoon-illustrated, in which Remington Rand reduces to everyday language the complexities of electronic computation. Ask us for TM-970.

612—"The Punched Tape Story," colorful 24-page booklet, highlights uses of the Friden Flexowriter automatic writing machine for preparation of letters, invoices, envelopes, embossed address plates, by-product tapes to actuate tape-card punches, and other applications.

613—"Shortcuts to Accounting," a new 16-page illustrated booklet of Charles Bruning Company, Inc., tells how to speed and simplify paperwork in a broad range of accounting operations, with diazotype copying machine.

614—"Hidden Losses in Your Business," 13-page illustrated booklet, describes office situations that may be improved with the Executive Private Telephone system of Dictograph Products, Inc.

## BOOK REVIEWS

**THE INTELLIGENT INVESTOR**—By Benjamin Graham. \$3.50. Harper & Brothers, 49 East 33rd St., New York, N.Y.

- Proves that investment theory and practice must be constantly adapted to the changes in economic climate and offers conclusions as to the soundest policies for investors to follow in the years immediately ahead. This book takes into account the needs of both the investor concerned with protecting capital and obtaining a reasonable income return, and the enterprising investor, interested primarily in capital appreciation. It outlines the principles of security analysis and stock selection for each type of investor.

**MODERN CORPORATION FINANCE**—By William H. Husband, Ph.D. and James C. Dockeray, Ph.D. \$7.80 (Fourth Edition 1957). Richard D. Irwin, Inc., Homewood, Illinois.

- This new Fourth Edition is completely up to date and reflects the most recent changes and developments in the field of corporate finance. It presents a private enterprise approach with a realistic view of the questions of public policy and government regulation, with a clear understanding of the legitimate rights of the corporation and private investors. A useful guide for business executives to protect interests and profits.

## RECOMMENDED READING

**MANAGEMENT ACCOUNTING FOR PROFIT CONTROL**—By I. Wayne Keller, DCS, CPA. \$7.00. McGraw-Hill Book Company, Inc., 330 West 42nd St., New York 36, N.Y. Emphasizes relationship of the effects of income, cost, and capital on the profit of an enterprise. It presents coordinated cost accounting, budgetary planning and control procedures in decision making. Each chapter has review questions and problems.

*Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.*



## Keep Management Informed Of Organized Credit's Aims

W. R. MASON, Assistant Secretary-Treasurer, Stratton-Warren Hardware Company, in Memphis, Tennessee

THE Stratton-Warren Hardware Company has been in existence for over 50 years and since its inception the secretary-treasurer has represented the credit department in management circles. However, our company is a local organization with the officers generally present, and as problems arise the credit manager is consulted, thus giving him close contact with the management. The position of credit manager in our firm has always been highly regarded and continues to grow in stature.



W. R. MASON

Too long were credit managers pictured by the business world as cold-hearted individuals with little or no interest in the general welfare of business, their associates and the world in general. Too many have laid themselves open to this way of thinking. We decided to take steps to counteract this misconception. As business more and more is being conducted on a credit basis, thus increasing our responsibilities, management and society are taking a longer look at the credit manager, realizing that anyone in such a position should be, and is, a vital part in the operations of any business. Many who never had any dealing with men of credit are now coming in contact with us often in their everyday business dealings.

A good method to place the credit department in the true light of its importance is to keep management acquainted with our association, learn its aims, its work and its accomplishments.

The officers of our company have a standing invitation to attend our annual election and banquet, and the secretary-treasurer and one or two vice presidents usually do so. The president of our company attended a recent banquet and later accepted an invitation to address us at our monthly meeting. He was also on the program when Henry H. Heimann, NACM executive vice president, addressed our association. Several real and lasting benefits have accrued to our credit department through this participation.

The newspapers of our city are very cooperative in publishing reports of our meetings.

Perhaps the most difficult misconception to overcome is the one that through the years has been building up in the minds of customers. Because of our many duties and responsibilities, our relations for the most part must be carried on through correspondence, but whenever possible we visit with them and find this very helpful.

A courteous and friendly letter, firm if necessary, has done wonders. So often judgment is passed upon us by management, and justly so, by the reactions of customers to our correspondence and visits. Quite often we contact them by long-distance telephone, but not before we have prepared the course of our conversation.

We let the vice president in charge of sales know we

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In the "Place of the Credit Department within the Company Organization," published last year by the Credit Research Foundation of the National Association of Credit Men, as the first of a series of Reports on Credit Department Organization, concentration was on the "line" and "staff" concepts, and on the "independent" status of the department in some companies.

The study concluded that responsibility for improved understanding and appreciation by the company management "rests squarely on the shoulder of the credit manager," for "he alone can lay the groundwork for progress."

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are as interested in sales as he is. We let the salesmen know that orders will be passed by us if we possibly can do so. When any must be turned down, or existing lines curtailed, we discuss the case in detail with the sales department, and usually find ourselves working together to the benefit of the entire organization. We point out that a sale is not completed until the merchandise has been paid for, and the sales potential of any individual, firm or territory cannot exceed the credit potential.

We say to Management: "We are guardians of a great portion of your assets, your accounts receivable. We keep ourselves well versed on events and their possible effect on the territory we serve, enabling us properly and effectively to use the tools of our trade in such a manner as properly to administer, serve, protect and turn into cash that trust we hold, at the same time conserving good customer relationship."

To the sales manager and salesmen we say: "Let us be your partner. Together we shall achieve larger sales."

To our customers we say: "Thank you for the business you are giving us. Know that we are deeply interested in your welfare. Give us a try and we shall prove it." More and more we find that whenever this offer is accepted it works out to our advantage.

W. B. THOMPSON

BEGUN ON P. 10

tendance at company sales meetings, applied interest in the sales program, customer contacts, and activity in Industry Credit Groups all add valuable experience. This well-rounded knowledge can serve as an asset to a prospective member of a management team.

I am chairman of a managerial level group which we refer to as the junior executive group. Some companies call a similar unit a management council. Our J.E.G. consists of eight members appointed by the board of directors on a yearly rotation basis. The members cover most phases of company operation. We hold monthly meetings to explore and analyze any phase of company operations. Once a year this group visits one of our factories for a guided tour to observe how our products are made. When a project is considered of sufficient importance and benefit to the company, a recommendation is made to the board of directors. Many of these recommendations have been adopted. Through discussion the members receive a liberal education in various company matters, and develop mutual understanding.

This group has a subsidiary committee which admin-  
(Concluded on following page)

isters our employee suggestion plan and determines awards for beneficial suggestions. Most members of the present J.E.G. formerly served on the employee suggestion plan committee.

There must be a keen desire to reach the management team, not just wishful thinking.

The soundness of our company training program for future members of the management team is proved by the fact that three former members of our J.E.G. are now on our board of directors.

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## PARTICIPANTS IN SYMPOSIUM (June and August Issues)

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C. J. BACKSTRAND, president of Armstrong Cork Co., Lancaster, Pa., began with Armstrong 37 years ago as a student salesman and worked up through the sales department to general manager and then president. Graduate of Pomona College and the University of Pennsylvania, Mr. Backstrand also holds several honorary degrees.

VERNON A. BINGHAM, general credit manager of Macwhyte Co., Kenosha, Wis., is past president of The Chicago Association of Credit Men. Graduate of New York University, he joined the company 31 years ago following a period as credit manager of Canada Dry Gingerale Company, Chicago.

ANDREW M. COVENTRY, credit manager, Laclede-Christy Co., Division of H. K. Porter Company, Inc., St. Louis, was born in Edinburgh, Scotland, and graduated from Heriot-Watt College there. To the United States in 1928, he studied advanced accounting at LaSalle University, Chicago, and attended the New York Institute of Credit. After 20 years with Magic Chef, Inc., in 1955 he joined the H. K. Porter Company's Laclede-Christy Company division. Mr. Coventry founded the St. Louis Chapter of the National Institute of Credit.

E. B. GNAHN went from the University of Michigan in 1916 into the warehouse and factory of Chittenden & Eastman Company, Burlington, Iowa. After tours of duty in various departments he became assistant in charge of collections, then advanced to credit manager, member of the board, assistant secretary, vice president, and on to president and general manager.

I. J. JEFFRIES has been credit manager, Hershey Chocolate Corp., Hershey, Pa., since 1955. He had been assistant credit manager since the early thirties. Mr. Jeffries is a graduate of the Wharton school of business, University of Pennsylvania.

O. H. HENDRIKSEN, general credit manager, Russell-Miller Milling Co., Minneapolis, Minn., was for eight years with Fairbanks-Morse & Co., where he was credit manager. He majored in business administration at Northwestern University, Evanston.

HAROLD F. HORSTMAYER, secretary, Burgess Battery Co., Freeport, Ill., began with the company in Madison, Wis. After graduation from the University of Wisconsin in 1927, he returned, in the accounting department. When the credit department was moved to Chicago in 1929, he was transferred as assistant credit manager, and became credit manager. The Chicago operation moved into the home office in 1933. He was given the additional duties of office manager two years later. In 1955 he was made secretary.

DONALD R. KING, then credit manager, Industrial Rayon Corp., now with The F. C. Russell Co., Cleveland, is a graduate of Baldwin Wallace College (1947) and the NACM Graduate School (Dartmouth 1955). Entering credit work in 1947 at The White Motor Co., he joined Industrial Rayon in 1952. Offices: trustee, Cleveland Association of Credit Men; secretary and member of board, Rayon Yarn Credit Association.

L. H. KOOGLE, president, Triangle Electric Supply Co., El Paso, Texas, has been in the electric supply business 34 years, and is past president of the Tri-State Credit Association. He is a director of National.

HERBERT F. KRIMENDAHL, president of Stokely-Van Camp, Indianapolis, returned from officers' training school to Celina, Ohio, to join The Crampton & Son Canning Co., and became president in 1923. The company, after expansion, became Crampton Canneries, Inc., and in 1944 merged with the then Stokely Brothers & Co., and Mr. Krimendahl was elected vice president, and in 1948 president, last year adding the title of vice chairman. He is past president of the National Canners Association.

WILLIAM RUSSELL MASON, after study of accounting and law, and early business connections with a bank and a truck line, entered the accounting department of Stratton-Warren Hardware Co., Memphis. After 30 months in the Air Force he returned to the company as credit manager, and now is assistant secretary-treasurer. Last year he was elected president of the NACM-Mid South Unit, Inc.

W. B. THOMPSON, credit manager and assistant secretary, Binney & Smith, Inc., New York, N. Y. entered credit work more than 31 years ago as investigator for Brune Pottberg Co., while attending New York University evenings. From credit manager of Gold Seal Electrical Co., Inc., he went in 1934 to Binney & Smith as assistant credit manager. In 1955 he was advanced to credit manager and a few weeks later became assistant secretary.

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## Sees Demand for Investment Funds Continuing in 1957

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Foreseeing "neither a repetition of the large loan expansion for inventory purposes nor another upsurge in costs and prices to boost demands for short-term credit," as in 1956, the Bankers Trust Company, New York, in its recently released "Investment Outlook for 1957," concludes that "bank credit may well take the edge off some of the pressures in the capital markets." Other projections in The Bankers Trust study, which are based on the assumptions that "business activity in general will continue

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*Do not be breaking your  
shin on a stool that is not in  
your way.*

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—Anonymous

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at a high rate but that the dollar value of goods and services produced will not advance importantly from the levels of early 1957 and that industrial production will continue to ease away from 1956 year-end peak," are:

The large demand for investment funds which characterized the cap-

ital markets in 1956 is continuing, and financing requirements are expected to remain strong through much of this year; inflow of funds to the major savings institutions in 1957 will be somewhat less than in 1956, with larger increases in sight for life insurance companies and pension funds, both private and public; no letdown in corporate financing this year despite an anticipated leveling off in capital expenditures and a reduction in new working capital requirements; total mortgage debt may increase by \$13 billions in 1957, compared with \$14.8 billions last year.



# Trends

in commerce

in industry

in finance

## Business Uncertainty?

THOUGH sales in the second half of the year will improve (or at least hold the line), costs, wages and prices are headed upward under undiminished competition, and lower profits are indicated. These conclusions come from a nationwide poll among 1,500 manufacturers, wholesalers, retailers, and others, by the Research Institute of America, Inc., says Leo Cherne, executive director.

### Briefly:

Almost one-half see increased sales volume but further shrinking of margins of profit. More businessmen are expecting to reduce inventories than increase them. Most predict no change in total personnel but more plan reductions than increases. Seven out of ten look for higher wages. Three out of four expect to pay more for goods and services. More than half say their own prices will hold steady; one-third think they'll be able to raise theirs. One out of three doubts his company will have sufficient working capital.

No significant differences appeared in the outlook of the larger and the smaller companies, but more of the latter hope to show improvement, if slight, in holding down costs and maintaining profit margins.

In another study, this provided by a panel of businessmen called by the U.S. Chamber of Commerce, a second half as stable as the first half was predicted, with prices continuing upward and with possible slowing down of expansion next year.

Said Dr. Emerson P. Schmidt, the Chamber's director of research: "There are a number of weak or soft spots" but "the overall health of the economy seems promising."

Industry "has not had an opportunity to develop the reserve capacity it needs," commented John S. Coleman, Chamber chairman and Burroughs Corporation president.

## Nation on Truckwheels

*Truck registrations in this country have doubled since 1945; there now are more than 10,750,000 trucks on the nation's highways. It takes 7 million workers to keep the fleet rolling day and night, or approximately one out of every 10 workers in the nation. This includes more than 6 million truck drivers. Some 240 billion ton-miles were hauled between cities in 1956.*

*The industry was the source of special tax revenues totaling \$2,140,000,000, according to "Motor Truck Facts," biennial statistical handbook of the Automobile Manufacturers Association, 1957 edition.*

## Leveling Off?

BUSINESS PACE continues basically strong, "with some indicators either steady at record readings or still climbing," but "there is evidence that the activity curve no longer is inclined upward as noticeably as it was a while back," says the Federal Reserve Bank of Chicago.

"Such softness as has so far appeared, moderate in degree and largely confined to construction and durables, can be attributed in part to the effects of credit restraint helping to bring a balance between demand and supply. The appearance of some minuses in the year-to-year comparisons in this sense means that pressure on productive capacity and on wage rates and prices no longer is as one-sided as it was."

## Management Decalog

TEN "COMMANDMENTS" of management are proposed by Lawrence A. Appley, president, American Management Association, in the association's *Management News*.

The proposed code of behavior, briefly, includes: Identify personnel

as the greatest asset; make profit; leave no task to chance; establish long and short range objectives; keep individual members of the team well adjusted; concentrate on individual improvement; provide opportunity for self-development; maintain incentives and awards; supply work satisfactions for those who do the work and those served by it.

## Auto Credit Ceilings

A CEILING on credit charges on autos purchased on time is one feature of new legislation now effective throughout New York State. On a new car the time-purchase price may not exceed the cash price by more than \$7 for each \$100 of the cash price, less the down payment.

The law stipulates that the seller must disclose such facts as the cash price, down payment in cash and trade-in, insurance and other benefits, the principal, the credit charge, the time-sale price and schedule of instalments.

Conferences are underway to consider similar rules on items other than autos.

## World Export Gain

A NEW HIGH of \$91 billions was reached in world exports last year, a gain of 11 per cent, with 40 per cent of the increase resting in greater export volume from the United States, while only 14 per cent of the total increase was absorbed by growth of imports into this country, says the United Nations. Britain imported 42 per cent of the increase.

Quantity was the major element in the increased overall exports. Increase in average price of manufactured goods was 4 per cent, of other goods only 2 per cent. However, average price rises of primary commodities accelerated in the fourth quarter, as compared with manufactured goods.

to earn cash with which to pay. Therefore they will not accept notes by a customer having only limited worldly goods unless that party is already a customer of the agency. Most have little interest in farm equipment paper in hard times.

"Many country banks buy little or no implement paper except when indorsed with full recourse. They like two-name paper. Very few banks have the facilities to handle the 'mine-run' of such paper. Some, however, do have the facilities and are doing a mighty good job handling the paper of dealers in their area."

Mr. Dodson says the handling of farm notes by banks or lending agencies would be an ideal arrangement provided they were to take all the paper of farmers worthy of the line of credit asked when judged by the maker's earning power.

#### *Need Safe Credit Plan*

What dealers need, he emphasizes, is a safe and dependable credit plan that has stood the test of times good and bad, one that offers a dependable outlet for notes accepted only when indorsed without recourse, a plan under which acceptance may be arranged in advance of delivery of the goods, with the dealer assured of business-building collection policies.

Mr. Dodson notes these benefits of an adequate credit plan that are not possible under arrangements offered by most lending agencies. Goods may be delivered ahead of season without penalizing dealer or farmer. Carrying charges may be waived until the goods are put into use. The customer can make the normal down-payment on delivery and pay the balance when he would be paying if delivery were made just ahead of season, and this without extra charges of any kind.

#### *Aids Customer and Dealer*

The customer is assured of having the machine when he wants it. The dealer gets the delivery made ahead of time, thus saving storage expense and insurance costs and perhaps personal property tax. He has made a sale that might have been lost had he waited until close to the date the machine would be put into service, for "many things can happen between winter and next harvest time."

"A customer's notes can be made for the longest period permissible

**BEFORE** entering business, J. D. Dodson taught school three years following graduation from Austin College, Sherman, Texas, and from Texas State Teachers College.

Mr. Dodson has been with John Deere Plow Company thirty years. He started in the credit and collection department, of which he is manager.

under an adequate credit plan. The purchaser can pay them earlier, in which case the face amount of the notes will be reduced by the sum of unearned interest and finance charges. He pays for the time used and no more. The dealer should be able to recall these notes and replace them with cash. In such cases finance and interest charges will be waived."

Highly desirable in the credit plan, Mr. Dodson adds, are provisions for adequate property damage and mortgage cancellation insurance.

#### **Adequate Credit While Avoiding Inflation: Construction Problem**

With total construction activity for 1957 estimated at \$64 billions, compared with the record-breaking \$61 billion total in 1956, "there is the problem of how to keep adequate credit constantly available" for all the varied projects "while at the same time avoiding the dire dangers of inflation," says Warren N. Gaffney, general manager, The Surety Association of America. He notes an example of the tight money problem in "state after state left unable to sell bonds for highway, school and public works projects because the unparalleled demand for investment funds has rendered the securities in question unsalable at the interest ceilings allowed."

#### *Contractor Failures Increase*

In his survey of recent developments in the field of construction contract bonds, before the 15th annual convention of the National Association of Surety Bond Producers in Washington, Mr. Gaffney noted the rise of contractor failures. Totals for the last three years: 1305 for 1954, 1404 for 1955, 1843 for 1956. "Although not all these contractor failures were bonded," Mr. Gaffney pointed out, "the contract bond losses by dollar volume nevertheless were \$32 millions for 1954 and \$44 mil-

lions for 1955. The 1956 loss figures have not yet been reported to us.

"A major factor in producing the ever lengthening obituary list of contractors is the bloody and destructive competition set off frequently by the novices in the business, which, like a prairie fire, envelops some of the more seasoned who will panic and cut their own bids under sound levels," Mr. Gaffney told the surety bond producers, surety company executives and Government officials in attendance.

#### *Cohen Outlines Military Plans*

David Q. Cohen, manager fidelity and surety department, Association of Casualty & Surety Companies, New York, and vice chairman, insurance advisory council, NACM, at the convention's concluding session described the military housing program, known as the Capehart Act, and outlined the development of the bonding program required for military housing construction.

Bearing out Mr. Gaffney's thesis, Frank J. Rooney, Miami, president of the Associated General Contractors of America, stressed the "problem of know-how" faced by the industry. "The record postwar construction boom has encouraged more contractors to get into the construction business, but they are not always gifted with necessary experience and understanding," said Mr. Rooney.

Blank bid bonds came in for Mr. Rooney's criticism. He did not think it a good idea to have the contractor equipped with a supply of blank bid bond forms to fill out as he saw fit and send to the surety underwriter or producer. He suggested closer screening of the contractor's ability and competence before writing a bid bond for him.

Much of the success of the convention program was attributed to the association secretary and general counsel, Edward H. Cushman, who is author of the chapters "Bonds on Public Works" and "State Bond Laws" in NACM's *Credit Manual of Commercial Laws*.

**The big question isn't whether or not you fail, but rather how you exhibit your failure.**

—Anonymous





## Legal Rulings and Opinions

### Privileged Statements

Holding that pertinent statements made at a hearing before a bankruptcy referee are immune to libel or slander claims because a Chapter XI hearing is a judicial proceeding "entitled to the cloak of privilege," Morris Spector, New York state supreme court justice, ruled for the defendant in a case which involved a statement by a company's credit department employee. The \$250,000 slander suit was dismissed.

White Swan Clothing Company, suing Crompton-Richmond Company and Charles A. O'Donnell, accused Mr. O'Donnell of making "false and defamatory statements". Justice Spector held that the statement was made at the direction of the referee. Said the justice: Mr. O'Donnell "stated in substance that one creditor had received an illegal preference and the referee asked him to name the creditor."

### Reserve for Estimated Expense

An accrual-basis taxpayer received payment in advance for goods to be manufactured and delivered. The advanced payment was included in gross income. The Tax Commissioner disallowed an offset by estimated manufacturing costs which would not be incurred until a future year. Upholding the Commissioner, the Tax Court argued that the estimated costs of completion were based on a contingency.

The Sixth Circuit reversed the ruling. The court said: "It is not reasonable under these circumstances to compel the petitioners to accrue income and at the same time refuse to allow them to accrue the liability incurred in the production of that same income." (*Hilinski*, CA-6, 10-26-56)

### No Gain Realized

A taxpayer sold 145 shares of corporate stock to her brother in exchange for his interest-bearing note for \$43,500. Shortly before the note was payable, the brother agreed to sell the taxpayer his half interest in a farm for \$44,250 (exact

amount of note plus interest), which half interest had a fair market value of \$67,500. She surrendered the note in exchange for title to the farm. The Commissioner assessed a deficiency arguing that the taxpayer received taxable gain approximating \$24,000, taxable as ordinary income. The District Court agreed. (*Knop v. US.*, CCA-8). The Circuit Court of Appeals reversed the lower court, holding the transaction was in effect a bargain purchase and no profit was realized by the buyer.

### Oyster Farming?

The former skipper of a clam and oyster fishing boat was denied unemployment insurance benefits in New York state on the ground that his employment fell within the category of agricultural labor and so was not protected under the law.

A referee, ruling in the claimant's favor, quoted the many-worded definition of agricultural employment, then added: "Nowhere does the statute include the catching of clams or oysters or the harvesting of shellfish as agricultural labor performed on a farm." Keereet!

### Loss Carryovers

The U.S. Supreme Court disallowed loss carryovers when the loss stores in a merger continued to operate at losses, for allowance would in effect have offset the losses against the income of the profitable units, the court held. (*Libson Shops*, U.S. Sup. Ct., 5-2-57.)

Sixteen retail stores, separately incorporated, were managed by a 17th corporation, with the stock in the 17 held by the same individuals in the same proportions. The 16 retail corporations were merged into the management corporation with no change in ownership of the enterprise. The merged corporation in its tax return deducted unabsorbed carryover losses of three of the stores in certain years prior to the 1954 Code. Continuity of business enterprise, contemplated un-

*The bigger a man's head gets, the easier it is to fill his shoes.*

—Anonymous

der the old carryover provisions, was not present, the court reasoned.

The analyst of The Union National Bank of Pittsburgh comments that the Supreme Court presumably would allow the carryover in some cases, for example if a loss corporation is re-incorporated in another state, and calls proper the allowance of the carryover to the extent of the loss unit's post-merger profits.

### Oral Evidence Rejected

The appellate court of Illinois barred the use of oral testimony to contradict the terms of a promissory note which read in part: "All signers of this note are principals, and no extension of time of payment, by the receipt of interest or otherwise, shall release us, or either of us, from the obligation of the payment."

The makers of the note claimed that their discharge from liability was effected when at maturity the payee agreed with one of them to a one-year extension without the consent or knowledge of the others.

A lower court granted an injunction, but the appellate bench pointed out that these makers were primarily liable because by the terms of the instrument they were required to pay the note and therefore they could not contend they were entitled to notice of extension on the ground they were secondarily liable. (*Werner v. Steele*, 131 N.E. 2d 820 1956.)

### Buyer for Value

When a bank discounts a note and places it to the holder's credit as deposit, the bank does not become a bona fide purchaser of negotiable paper for value, but if and when the amount deposited in the holder's checking account is exhausted, before maturity of or notice of any defect in the paper, then the bank is a purchaser for value, said the U. S. court of appeals, fifth circuit (Alabama), in a case in which a bank, claiming to be a holder of value, sued a motor company on four checks drawn by the motor company on a Chattanooga bank in favor of a depositor. (*Lowrance Motor Co. v. First National Bank*, 238 F.2d 625)

## On the PERSONAL SIDE

(Concluded from page 27)

the position of assistant controller-central accounting, to succeed Mr. Libby. The development group under Mr. Porco will conduct studies to enable management better to chart future company growth.

PAUL T. CURTIN, appointed regional credit manager of Sun Oil Company's new Empire State marketing region, with headquarters in Syracuse, N. Y., holds the Fellow Award of the National Institute of Credit. A graduate of Northeastern University (B.B.A. and B.C.S. degrees), he joined Sun Oil 18 years ago. Prior to his new appointment he was departmental supervisor of the New England regional credit department.

GEORGE E. TATE, treasurer of Federal Foundry Supply Company, Cleveland, has been appointed a director of the company which he had joined in 1926.

BERNARD C. ZIPERN has been named secretary of Red L Foods Corporation, Long Island City, N. Y., continuing his responsibilities as credit manager. Following public accounting employment, he began with the Red L company in 1950 as office and credit manager and in 1953 he additionally assumed the duties of controller. He is currently chairman of National Frozen Food Processors Credit Division, National Association of Credit Men.

DAVID T. HOPPER has been advanced to manager-credit, ACF Industries, Inc., New York. He joined ACF Industries in 1954 as assistant credit manager, following employment with Chase Bag Company from 1946 to 1954. A graduate of Wharton school of finance and commerce, University of Pennsylvania, he is first vice president, New York Institute of Credit, and a second-year student of the Dartmouth College NACM Graduate School of Credit and Financial Management.

DONALD W. JACOBUS has been appointed regional credit manager, United States Steel Supply Division, Chicago, having been transferred from U.S. Steel, Pittsburgh. Follow-

ing graduation from Washington and Jefferson College in 1941 with an accounting degree, Mr. Jacobus went into the Irvin Works of U.S. Steel, Pittsburgh. On return from World War II service, he held various internal audit staff positions, becoming credit analyst in the treasury department, then credit representative.

CHARLES W. BURTON, JR., formerly executive vice president, Anchor Post Products, Inc., Baltimore, has been named president. C. J. GROSS has been appointed vice president in charge of finance and secretary of the company.

JAMES J. CONLEY has been appointed secretary of Oberdorfer Foundries Inc., Syracuse. He began with the company 30 years ago and was named office manager in 1947.

L. W. HENDERSON, JR. and P. J. COOPER, formerly assistant vice presidents, have been advanced to vice presidents and named to the board of American Trust Company, Charlotte, N.C. Mr. Cooper heads the bank's credit department. Mr. Henderson is in the correspondent bank division.

WILL SCHWEITZER has been appointed general manager of W. P. Fuller & Company, Seattle, having been transferred from the Portland district office, where he was credit and office manager. Mr. Schweitzer is past president of Portland Association of Credit Men and Oregon Toastmasters Club.

GEORGE E. STANLEY, formerly credit manager in Philadelphia for Aluminum Company of America, has been appointed assistant general credit manager at Pittsburgh headquarters. Mr. Stanley has been active in committee work and the Industrial Credit Club of The Credit Men's Association of Eastern Pennsylvania.

### Amendments Approved

*All proposed amendments to the bylaws of the National Association of Credit Men, as set forth in detail in the April and May issues of Credit and Financial Management, were unanimously approved on the closing day, May 16, by the 61st Annual Credit Congress, at Miami Beach, Fla.*

**He who keeps his mind  
on his work, goes ahead; he  
who keeps his work on his  
mind, goes crazy.**

—Anonymous

### Schupp, Stansberry Head Robert Morris Chapters

Carl H. Schupp, assistant vice president, City National Bank & Trust Co., who heads the Kansas City Wholesale Credit Association, is the new president of the Missouri Valley Chapter, Robert Morris Associates, and the Michigan Chapter has elected as its president Tyrus R. Stansberry, vice president, Manufacturers National Bank of Detroit.



C. H. SCHUPP

Mr. Schupp, first banker-president of the Kansas City credit organization in 13 years, has been with City National since 1946, in charge of its credit department eight years and now loan officer. He was vice president of the eight-state RMA chapter last year.

The Michigan Chapter, which Mr. Stansberry now heads, has for years been one of the most active Robert Morris units.

### NACA Awards to Three Industrial Accountants

For their contributions to the literature of industrial accounting in the past year, E. E. Bareuther, controller, Philco Corporation, Philadelphia, and B. E. Stromberg, controller of the television and radio division of that company, were double winners for the first place Lybrand gold medal, presented by the National Association of Cost Accountants at its Washington conference. They co-authored the paper "Budgeting at Philco."

Stephen Heinaman, general supervisor of corporate budget and accounting department, Armstrong Cork Company, Lancaster, Pa., received the second place Lybrand award silver medal for his paper, "Integrating Capital Appropriations Evaluations with Return on Investment Reporting."



## Gueble Heads Zebras; New Herds in Work

**O**RGANIZATION of new Herds of the Royal Order of Zebras in at least six more headquarters cities of affiliates of the National Association of Credit Men ranks high on the agenda of the National Corral for 1957-58, under the leadership of E. F. Gueble, The Garrett Corporation, Los Angeles.

Mr. Gueble was elected Grand Exalted Superzeb at the Annual Round-up luncheon and business session in conjunction with the 61st Credit Congress, in Miami Beach.

Millard S. French, of E. L. Mercere, Inc., Memphis, now Grand Counselor, reported that, under his tenure of office as Grand Exalted Superzeb, considerable spadework had been accomplished in a half-dozen cities toward eventual formation of new units. All Herds represented at the business meeting pledged full cooperation to the National Corral in the move to expand the number of affiliated Herds.

Following are listed the new officers who will direct activities of the Zebras until the next Roundup, in Detroit next May:

**E. F. GUEBLE**, *Grand Exalted Superzeb*. The Garrett Corporation, Los Angeles.

**JOE D. SANSONI**, *Vice Grand Exalted Superzeb*. Avondale Marine Ways, New Orleans.

**PAUL LIN LOO**, *Pacific Ranger*, Honolulu, T.H.

**C. G. JOHNSON**, *Western Ranger*. Regal Pale Distributors of Berkeley (Calif.).

**KARL MEISNER**, *North Central Ranger*. Wisconsin Electric Power Company, Milwaukee.

**NED M. FRENCH**, *South Central Ranger*, McDonald Bros. Co., Inc., Memphis.

**W. A. HANEY**, *Atlantic Ranger*, Anchor Sanitary Co., Pittsburgh.

**CHARLES F. SISK**, *Eastern Ranger*. Edmands Coffee Co., Boston.

**KENNETH KLINE**, *Grand Zebretary*. Credit Managers Association of Southern California.

**MILLARD S. FRENCH**, *Grand Counselor*. E. L. Mercere, Inc., Memphis.

At the business session silent tribute was paid to the memory of Arthur D. Johnson, who died last winter. He had been for 13 years the executive



**E. F. GUEBLE** (left), elected *Grand Exalted Superzeb*, *Royal Order of Zebras*, receiving the gavel of office from **Lee J. Fortner**, executive vice president, *Credit Managers Association of Southern California*, for **Millard S. French**, Memphis, now *grand counselor*. The convention photographer's car crash at Miami Beach shifted the traditional pictorial setting to Los Angeles.

vice president of the Credit Managers Association of Southern California.

Chester G. Sensenich, president of Irwin Foundry and Mine Car Company, Irwin, Pa., was honored as "Zebra of the Year" at the Credit Congress.

The Zebras' membership award went to S. C. Abernathy, J. A. Folger & Co., Portland, Ore. (Picture of the presentation, in Portland, is in the Pictorial Section. A presentation in absentia at Miami Beach was shown on page 22 of the July issue.)

### Two Newspapers Quote Johns On Credit Management Today

Sound advice for credit-seekers, a timely warning to would-be "chiselers," and an up-to-date evaluation of the credit executive's responsibilities earned Ralph Johns, secretary-executive manager of the Indianapolis Association of Credit Men lead pieces in columns of two Indianapolis newspapers. "Less policing, more selling is credit man's job," headlined business editor Bart Grabow's column in the *Indianapolis News*, as he quoted Mr. Johns:

"Today's credit manager is a sales maker, not a 'cop'. No longer rated just on his low loss record, the credit man is graded for his work in developing new business among mar-

ginal accounts so that increased profits outpace bad debt losses."

Over in the *Indianapolis Star*, in business editor Don G. Campbell's column, Mr. Johns said, "Racking up a poor credit rating could be a mistake that would literally follow you to the grave. In financial emergencies, for instance, it's the condition of your credit standing that may determine whether you sink or swim."

Noting that garnishment of salary may lead to company dismissal, he cited the case of a \$15,000 a year executive who was dismissed when a credit check revealed him to be a deadbeat in his personal life.

### National Auto Dealers Commend Commercial Credit Company

For its contribution to the retail automobile industry and to the car buying public, Commercial Credit Company, of Baltimore, which recently observed its 45th anniversary and its "ten millionth" motor vehicle financing, was singled out for tribute by the National Automobile Dealers Association. Said the citation: "Probably no single factor has been so vital to the mass production and sale of automobiles as has been the development of installment credit and its availability to purchasers of automobiles."



**HONORED:** G. Royal Neese (left), secretary-manager, Cherokee Unit (Chattanooga), National Association of Credit Men, for his 40 years of continuous service. With Mr. and Mrs. Neese is Lester C. Scott, assistant treasurer, E. L. Bruce Co., Memphis, immediate past vice president, NACM southern division.

### Neese's 40 Years of Service Bring Widespread Tributes

**F**ORTY years of continuous service of organized credit in one association brought tributes to G. Royal Neese, secretary-manager, Cherokee Unit, National Association of Credit Men, from national, regional and community leaders at a dinner meeting in Chattanooga.

An inscribed silver tray was presented by C. Callaway, Jr., of Atlanta, 1949-50 president of National. Gift of the Cherokee Unit was luggage presented by its president, Carl F. Hubbuch.

Paul J. Viall, past president of both National (1955-56) and the Chattanooga association, recalling 30 years of fellowship with the honored guest, told the gathering:

"His native ability and professional training have been made all the more effective by his quiet and unassuming manner, the warmth of his personality, the loyalty of his friendship, and the constancy of his devotion to his chosen field of work. He has been a bulwark of strength in our Association. As Mr. Credit Association of this market, he is highly regarded and respected by the courts, by members of the bar, and by the entire business community."

Edwin B. Moran of New York, vice president of National, said of Mr. Neese's "balance sheet of service, which already has reached the 40 years milepost," that "it shows an elevation of the standard of commercial ethics and substantial strengthening of the association's ser-

vices and benefits."

Tributes also were voiced by Lester C. Scott of Memphis, immediate past vice president of National's southern division; Jack C. Hodgkins, Jr., Atlanta association secretary and 1956-57 chairman of the NACM Secretarial Council; and by Miss Winnie Mae Holmes, president of the Wholesale Credit Women of Chattanooga.

Mr. Neese, graduate of Chattanooga College of Law and Mountain City Business College, began work with the local association May 3, 1917, before he had completed his high school course. After service in various capacities he became secretary-manager in 1939.

### Associated Credit Bureaus Elect E. E. Singleton, Texas

Erwin E. Singleton, manager of the Credit Bureau of Beaumont, Texas, is the new president of the Associated Credit Bureaus of America, to take up official duties Jan. 1, 1958. Other officers elected at the 43rd international consumer credit conference, in Miami Beach: Donald E. Puffer, Denver, first vice president, and Pren Moore, El Centro, Calif., second vice president.

Charles E. Moorman of Jacksonville, Fla., was re-elected educational chairman. Other officers re-elected were Harold A. Wallace, executive vice president and treasurer; John L. Spafford, assistant treasurer, and Otto H. Lanfersieck, secretary. Executive offices are in St. Louis.

### Laws, Credit and Taxes Lead Connecticut Conference Topics

Legal problems, credit responsibilities, taxes—these were major areas of discussion at the 40th annual credit conference of the Connecticut Association of Credit Men, in Branford, Conn. Participating were the Bridgeport, Hartford, New Haven and Waterbury associations.

Frank J. Noonan, of Sargent Company, president of the host New Haven Association of Credit Men, presided over the morning session which had as speakers Frank G. Chadwick, Jr. and William R. Murphy. Mr. Chadwick, vice president, First National Bank & Trust Company of New Haven, in charge of the installment loan department, and chairman, Connecticut Bankers Installment Credit Commission, had for his subject "Who is Responsible for Credit?"

Mr. Murphy, associate in the law offices of Gumbart, Corbin, Tyler & Cooper, spoke on "Legal Problems in Credit."

L. K. Morse, of Bridgeport Brass Company, a director of the National Association of Credit Men, presided at the evening banquet session. Following the address of welcome by Henry H. Heimann, executive vice president, National Association of Credit Men, Carroll F. Lewis, manager, tax division, Remington Arms Company, Inc., discussed taxes in our economy. Mr. Lewis is chairman, taxation committee, Manufacturers Association of Connecticut, member tax committee, National Association of Manufacturers, member Federal Tax Forum, and past international president, Dale Carnegie Clubs International.

Henry A. Titus, Malleable Iron Fittings Company, Branford, is president of the Connecticut Association of Credit Men. Vice presidents are these presidents of the local associations: Paul Newton, People's Savings Bank, Bridgeport; Allan J. Caldwell, Hartford National Bank & Trust Company, Hartford; Frank J. Noonan, Sargent Company, New Haven; and Richard Harding, Scovill Manufacturing Company, Waterbury.

**Why advertise your  
troubles? There's no market  
for them.**

**—Anonymous**



## New York Institute of Credit Is Granted Absolute Charter

The regents of the University of the State of New York have granted to the New York Institute of Credit its petition for an Absolute Charter to cover the school's curriculum. With this action, the school, founded in 1913, operating as a non-profit organization, becomes the first institute of higher learning authorized by the University of the State of New York, specializing exclusively in the field of credit management.

David E. Golieb, of J. A. Deknatel & Son, founder and chairman of the board of trustees of the New York Institute of Credit, made the announcement at the annual banquet and commencement program of the school. Tribute was paid to the efforts of individuals and trustees, led by the late William Fraser, of J. P. Stevens & Company, Inc., which made this possible.

"The growing importance of credit is obvious," Henry H. Heimann, executive vice president, National Association of Credit Men, told the assemblage. "It is essential, therefore, that credit training be emphasized more than ever. It is because of this need of credit training that the New York Institute of Credit sought and received an absolute charter. This was a pioneering effort in the field of credit management. It insures young people and those experienced in credit having at all times available to them credit educational courses in keeping with the needs of this credit age."

Percy C. Hunt, of Cannon Mills, New York City, retiring president of the New York Institute of Credit, said that the curriculum would be expanded to include a third-year course in credit, a second-year course in management, and courses in speed reading and current economic developments.

The New York Institute of Credit is sponsored by and associated with the New York Credit & Financial Management Association, of which



**HISTORIC MILESTONE IN CREDIT**—Present on the occasion of the announcement of the granting of the Absolute Charter to the New York Institute of Credit: (l to r) David T. Hopper, ACF Industries Inc., president, New York Institute of Credit; Percy C. Hunt, Cannon Mills, Inc., retiring president; John B. Schoenfeld, Forstmann, Inc., president, New York Credit & Financial Management Association, and Henry H. Heimann, executive vice president, National Association of Credit Men.

M. J. Davis is executive vice president, and operates as the New York Chapter of the National Institute of Credit. David T. Hopper ACF Industries, Inc., is the new president.

### Canada Land of Opportunity, Says Heimann in Toronto

It is doubtful whether any country in the world has the immediately favorable outlook of Canada, Henry H. Heimann, executive vice president, National Association of Credit Men, told members of the Toronto Chapters of The Canadian Credit Men's Trust Association and The Canadian Credit Institute, meeting in Toronto. Our northern neighbor "is in such a favored position, due to its natural resource deposits and its industrial and agricultural expansion, that it offers the greatest opportunities of any country today. A half century hence, opportunities may be shifted back toward the East, but presently Canada is in a position to lead the world in growth expansion and utilization of resources."

Mr. Heimann pointed out that "more credit will be needed in the next several decades than ever before in history, in order to spark the huge increase in quantity of goods and services to feed, clothe and shelter the worldwide population expansion in its yearning for the better things of life."

"Even the agricultural surpluses that are now plaguing Canada and

the United States will soon be needed," Mr. Heimann predicted. "Farming has probably passed its low point of income. The farm population will continue to decrease, but farm mechanization and improvement in seeds and breeds, coupled with more scientific farming, will insure greater production on less acreage and with less manpower."

### A. J. Smith Honored For Fraud Prevention Efforts

A. J. Smith, of J. P. Stevens & Company, New York, has been awarded a certificate by the Textile Fraud Prevention Fund, National Association of Credit Men, for his work in behalf of the group while serving on the executive committee from 1948-1957. Henry H. Heimann, NACM executive vice president, made the presentation at the meeting of the group.

Sidney A. Stein, president, Congress Factors Corporation, and J. Joseph Brown, Catlin Farish Company, were reelected chairman and vice chairman, respectively, of the group. John C. Fredell is the director of the NACM's fraud prevention department.

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*If time is money, then the man without a moment to spare is on the brink of bankruptcy.*

—Anonymous

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*Wise men learn by other men's mistakes, fools by their own.*

—Anonymous

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## Deaths

### Alexander Wall Dies; A Founder Of Robert Morris Associates

Alexander Wall, 78, a founder of Robert Morris Associates and its secretary-treasurer when illness forced his retirement after 30 years of service, died in Drexel Hill, Pa., after a long illness. He had been a commercial banker in his native Milwaukee after graduation from Harvard.

Mr. Wall had been an instructor at The Graduate School of Banking, conducted at Rutgers University by The American Bankers Association, from its founding in 1935.

### F. W. Knoblock, South Bend's President 1934-35, Is Dead

Fred W. Knoblock, former secretary-treasurer, South Bend Supply Company, died in Hollywood, Fla., after a long illness. He was born in South Bend, Ind., in 1892 and had lived there throughout his life. In 1934-35 he served as president of the NACM St. Joseph Valley Chapter, South Bend. His son, James W. Knoblock, is immediate past president of the South Bend association.

### A. W. Sommerfield, Cincinnati

Adolph W. Sommerfield, past president of the Cincinnati Association of Credit Men, died in New York. He was 90. Mr. Sommerfield, a native of Cincinnati, was one of the founders of the National Association of Manufacturers. He went to New York in 1910 and was with Dun & Bradstreet at the time of his retirement in 1953.

### McFadden Was President of American Credit Indemnity

Death has come to John F. McFadden, president of American Credit Indemnity Company of New York, Baltimore, from 1922 until his retirement in 1951. He began with American Credit Indemnity Company in 1913 in the agency field and under his direction the company acquired Commercial Credit Company. In 1944 American Health Insurance Corporation was formed as a subsidiary of A.C.I. Mr. McFadden retained his directorship until March 1957 and was chairman of the company's ad-

visory committee until his death. He also was a director of Commercial Credit Company and American Health Insurance Corporation.

Succeeding the late S. Clarence Maguire in American Credit Indemnity Company, Foster L. White, formerly treasurer, has moved up to vice president in charge of service departments. Thomas C. Fillingham has been advanced from assistant treasurer to treasurer.

### W. F. Ario of Duluth Headed Credit and Banking Groups

Willard F. Ario, vice president in charge of credits and loans, First & American National Bank, Duluth, died of a heart attack at the age of 47. Mr. Ario was president of the Duluth-Superior District Credit Association 1951-52, past president of the American Institute of Banking, former director of the Duluth Chamber of Commerce, and active in a number of other civic and church organizations.

### Walter H. Bowes

Walter H. Bowes, a founder of Pitney-Bowes, Inc., and a pioneer in the early development of the postage meter and the metered mail system, died at 75 in Washington, where he had lived since his retirement as chairman of the board in 1940.

### R. L. Stollberg, Textile Leader

Robert L. Stollberg, credit manager, Avondale Mills, Inc., New York, died after a brief illness. He was 63. Mr. Stollberg was past president of the Downtown Textile Group.

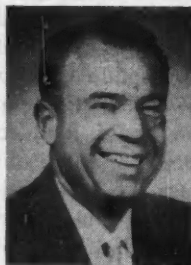
### Head Foreign Credit Group

Edward J. Hoyt, assistant credit manager, U. S. Rubber International, New York, is the new chairman of the Hardware, Automotive and Allied Trades Group of the Foreign Credit Interchange Bureau, NACM. Joseph A. Phelan, W. D. Blood & Co., is vice chairman.

*The wise husband meets a marital crisis with a firm hand—full of candy or flowers.*

—N. A. Rombe

### Sasse San Antonio Secretary; Crews Named Bank Officer



E. W. SASSE



C. C. CREWS

Ernest Walter Sasse, who served as president of the Southwest Texas Wholesale Credit Men's Association in 1955-56, has been appointed secretary-manager of the association, succeeding Clyde C. Crews, who resigned to become an officer of the Frost National Bank of San Antonio.

Mr. Sasse comes to the association with a thorough business background. He began his career as shipping clerk, advancing to accounting clerk, office manager and auditor, then assistant secretary and assistant treasurer, adding the post of controller, at Lone Star Brewing Company, San Antonio. He was cashier of Jacob E. Decker & Sons before going with Lone Star Brewing.

Mr. Sasse received his early schooling in Taylor, Texas. He attended Draughon's business college and was graduated from St. Mary's University. In World War II he rose from infantryman to captain, in service in the mid-Pacific theater. He is presently in the organized reserves, staff officer with the rank of major, logistics. He is president of the local unit, National Association of Cost Accountants, and past vice president Junior Chamber of Commerce. He is married and the father of two sons.

Mr. Crews had been in law and business posts in Texas and Mississippi before he took the association office in 1953. From his studies at Southern Methodist University in Dallas he entered professional and business services. In 1939 he was transferred to Houston as branch office manager of a contracting company and later went to Jackson, Miss., after becoming associated with an independent oil operator. Returning to Houston he joined Pan American Production Company, subsidiary of Standard Oil. He was radio and telephone censor for the U.S. Navy for two years in San Antonio.



## Cites Seven Goals Reached in Year of Mechanized Operation

Credit executives will agree with R. M. Bozeman, credit manager, The White House, El Paso, that the "perfect" credit department, be it retail or wholesale operation will do the following:

1. Provide customers with prompt and fully accurate statements of their accounts.
2. Prepare aging analysis of accounts at the same time they are being billed.
3. Prepare monthly voluntary credit reports to the credit bureau on all active accounts and automatically prepare a first reminder notice to early delinquents.
4. Furnish detailed statistics of purchases and payments at the time of billing.
5. Provide for systematic follow-up of inactive accounts.
6. Maintain all records in one central place.
7. Accomplish all this with one-half the department's average personnel.

Listed here is the equipment with which Mr. Bozeman says he achieved these goals in his company, since mechanization of the credit department functions 12 months ago. The equipment of International Business Machines Corporation includes:

Basic 026 Card Punch, rental \$55 monthly. (A duplicate set of equipment is maintained for use interchangeably with sales audit work.)

402 Accounting Machine, monthly rental \$540 including optional equipment.

514 Reproducing Punch, assisting the 402. Rental \$100.

077 Collator, an "exceptionally good file clerk," \$80 a month.

082 Sorter, \$60 monthly.

After the bills are prepared, they are microfilmed along with the sales tickets, and mailed. Statements are in continuous forms, similar to perforated and pre-printed adding machine tape. All records are on IBM cards. Concluding his report to the credit management division conference of the National Retail Dry Goods Association, in Cincinnati, Mr. Bozeman said:

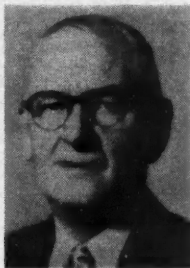
"The rewards of a mechanized operation are high, and we are just beginning to exploit them to best advantage. Our mechanical helpers are hired and trained. They will serve us until we dismiss them—without any of the special dispensations our more human employees require.

## Nostalgia Rides the Pages of White's Book of His Boyhood

Did you ever, as a boy, plop down in pastureland (just over the rise so that you couldn't be seen from the farmhouse), hand-roll a corn-silk cigaret and thrill to that first dizzying puff? Or break through the ice of the pond skating-rink and then luxuriate in the solicitous attentions that went with flirting with pneumonia? Or hide a "dime novel" under the mattress for a few furtive paragraphs in the barnloft?

Well, nostalgia rises from almost every page of a little book authored by William B. White, secretary and credit manager, Smith Brothers Hardware Company, Columbus, and instructor in credit and collections at Franklin and Capital universities.

"When fond recollection . . ." presents to view the gamut of experiences of a busy boyhood, 7 to 14, in a neighborhood section of a midwest manufacturing city at the turn of



W. B. WHITE

*One thought driven home  
is better than three left to  
die on base.*

—Anonymous

the century, when a nickel was wealth, when a circus unloading fully lived up to anticipation, when the first electric horseless carriage came to town.

"Bill" White, "dean of central Ohio credit managers," after attending Denison University and serving in World War I, was district credit manager of U.S. Tire Company in Cleveland, later with Miller Rubber Company in Columbus, before joining the hardware company in 1930 as assistant credit manager. He became credit manager in 1933, secretary two years later. That he has taught an adult Bible class 20 years and enjoys recordings of music classics is quite in character.

"When fond recollection . . .," published at \$3 by Exposition Press, Inc., 386 Fourth Ave., New York 16, never slops over into sentimentality. It is wistful reading. Pity the big-city lad who missed the boyhood of the hundreds of thousands of Bill Whites. —E. A. R.

## ARE YOUR CREDIT FILES UP-TO-DATE?

- *KEEPING Credit Files Up-to-Date during rapidly changing conditions is one of the difficult tasks facing Credit Executives today.*
- *Financial Statements provide the frame-work around which to build credit files. But such Financial Statements must be up-to-date and reflect the condition of your customers at frequent intervals.*
- *This is where the standard forms published by the National Association of Credit Men will do yeoman service for you. When you send your customer one of the standard N.A.C.M. Financial Statement Forms, you back your request with the prestige of your great nationwide organization.*

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## CALENDAR OF EVENTS IMPORTANT TO CREDIT

### HANOVER, NEW HAMPSHIRE

*July 31-August 3*

First Alumni Conference of the NACM Graduate School of Credit and Financial Management, Dartmouth College Campus

### HANOVER, NEW HAMPSHIRE

*August 4-17*

Dartmouth College Session of the NACM Graduate School of Credit and Financial Management.

### CHICAGO, ILLINOIS

*September 19-20*

Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

### LINCOLN, NEBRASKA

*September 25-27*

Annual Tri-State Credit Conference, including Iowa, Nebraska and South Dakota

### GRAND FORKS, NORTH DAKOTA

*September 27-28*

North Central Credit Conference, including North Dakota, Minnesota and Winnipeg

### HARRIMAN, NEW YORK

*September 30—October 2*

Credit Management Workshop

### WASHINGTON, D.C.

*October 6-9*

43d Annual Fall Conference of Robert Morris Associates

### STE.-ADELE-EN-HAUTE, QUEBEC

*October 6-8*

Credit Management Workshop

### SAN FRANCISCO, CALIFORNIA

*October 13-16*

Annual Conference of American Petroleum Credit Association.

### SPRINGFIELD, MASSACHUSETTS

*October 16-17*

New England District Credit Conference, covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

### BUFFALO, NEW YORK

*October 17-19*

Tri-State Credit Conference, including New York, New Jersey and Eastern Pennsylvania

### OMAHA, NEBRASKA

*October 18-20*

Annual Midwest Credit Women's Conference

### CHATTANOOGA, TENNESSEE

*October 19-22*

Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

### LOUISVILLE, KENTUCKY

*October 24-25*

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan

### SAN DIEGO, CALIFORNIA

*October 24-26*

Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

### KANSAS CITY, MISSOURI

*November 13-15*

Quad-State Annual Credit Conference, including Kansas, Missouri, Southern and Western Illinois.

### OKLAHOMA CITY, OKLAHOMA

*November 18-20*

Annual Southwest Credit Conference,

*Patronize Credit and Financial Management advertisers and tell them you saw their ad in this magazine. We'll both benefit.*

including Oklahoma, Texas, Arizona, Arkansas, Louisiana and New Mexico

### VANCOUVER, BRITISH COLUMBIA

*March 13-14, 1958*

Annual Pacific Northwest Conference of Credit Executives

### DETROIT, MICHIGAN

*May 18-22, 1958*

62nd Annual NACM Credit Congress and Convention

### Northern California Credit Leader Named Lodi Mayor

George Hughes, president of Hughes Chemical Company, of Lodi, Calif., was elected mayor of Lodi following service as member of the city council since 1954 and as council representative on the city planning commission. Mr. Hughes also is president of The Mason Fruit Company.



MAYOR HUGHES

Long active in the Credit Managers Association of Northern and Central California, Stockton Chapter, he has served on its executive committee for 10 years and is past chairman of the executive committee of which Harold Riley, office manager, Crispie Potato Chip Company, is vice chairman.

### Zipern Heads Frozen Food Group

Bernard C. Zipern of Red L Foods Corporation, Long Island City, N. Y. is now chairman of the National Frozen Food Processors Group, NACM. Vice chairman is Steve Serafin, Minute Maid Corporation, Orlando, Fla. The following have been named committeemen: C. L. Kooman, Sunkist Growers, Ontario, Calif.; V. L. Munger, of Libby, McNeill & Libby Co., Chicago, and C. C. Rickhoff, Rath Packing Company, Waterloo, Iowa.

JOHN J. SELLERS, treasurer, New River & Pocahontas Consolidated Coal Company, Philadelphia, has been elected president of the Philadelphia Chapter of the Tax Executives Institute.





V. C. EGGERDING



K. T. BACON

## Executives in the News



LYDON OLSON



W. B. BABCOCK, JR.



J. R. ADAMS



R. L. BURR

### **I. R. Hansen and K. T. Bacon Advance at Minnesota Mining**

Irwin R. Hansen, assistant treasurer since 1954 of Minnesota Mining and Manufacturing Company, St. Paul, has been named treasurer, and Kelvin T. Bacon, general credit manager since that year, has advanced to assistant treasurer of the company.

Mr. Bacon, who at the 61st Credit Congress was elected a director of the National Association of Credit Men, had begun with 3M as bookkeeper in 1928, going into the credit department in 1930. He was president of the St. Paul Association of Credit Men 1955-56 and is a member of the 1957 class of the Dartmouth Graduate School of Credit and Financial Management, NACM.

Mr. Hansen began with the company as general auditor in 1943, becoming assistant controller in 1950. He has held committee posts in the Institute of Internal Auditors and the Controllers Institute.

### **Promotion for V. C. Eggerding, President of NACM from 1952-53**

Victor C. Eggerding, formerly general credit manager, Gaylord Container Corporation, has been named assistant treasurer, Crown Zellerbach Corporation, and financial officer, Gaylord Container Corporation Division of Crown Zellerbach, St. Louis. As assistant treasurer he succeeds W. L. Meyer, transferred to the headquarters office in San Francisco. D. E. Miller takes over as credit manager of the Gaylord Division, reporting to Mr. Eggerding.

Mr. Eggerding as president of the National Association of Credit Men 1952-53 voiced the now widely recognized philosophy that "an alert credit management must play an active role in distribution." He is active in a number of St. Louis community organizations.

### **Heads Automotive and Credit Groups, Serves Boys' Home**

The 36-year-old president of the NACM North Florida Unit, W. B. Babcock, Jr., is credit and office manager of Massey Motors, Inc., Jacksonville, a Dodge-Plymouth dealership. In addition to heading the credit association, he is chairman of the Automotive Group and member advisory board of The Boys' Home Association of Jacksonville. Collecting U.S. stamps is a hobby.

Mr. Babcock went into credit work 10 years ago, following four years in the Navy in World War II. He was born in Norfolk, Va.

### **Oklahoma Banker, on Ethics Committee, Began as Page**

From page boy in 1929 for First National Bank & Trust Company, Oklahoma City, Lydon Olson progressed through assignments in the

stockroom, exchange department, as bookkeeper, teller and creditman, to his present post of vice president of the bank. Mr. Olson recently won honor in election as president of the NACM Oklahoma Division. In the Missouri Valley Chapter, Robert Morris Associates, he serves on the committee on credit ethics and practices.

### **Offshore Oil Operation and Damsite Engage Louisianan**

As credit manager since 1952 of Superior Iron Works & Supply Company, Inc., Shreveport, John R. Adams (LL.B., South Texas College of Law) handles credit sales to oil well drilling contractors, oil and industrial companies in Texas, Louisiana, Mississippi and Arkansas, as well as to companies operating in Gulf offshore waters. Recognition of service to profession has come in his election as president of the Shreveport Wholesale Credit Men's Association. Last year Mr. Adams was appointed honorary attorney general for the State of Louisiana.

### **Alabaman Emphasizes Roles of Education, Community**

Education and civic activity go hand in hand with progress for Robert L. Burr, credit manager of American Cast Iron Pipe Company, Birmingham. In the Alabama Association of Credit Executives he was chairman of the educational committee two years, then an association director, now president. National Association of Accountants Study Group, Allied Industries Credit Executives, Better Business Bureau, City Government committee, Sunday school superintendent, are among his interests.

Mr. Burr began his career in 1937 as timekeeper for Continental Gin Company.



# Reports from the Field

MILWAUKEE, WIS.—“What YOU Can Do about Taxes” was the subject of Gavin McKerrow, chairman of the Wisconsin Committee on the Hoover Commission Findings, at the luncheon meeting of the Milwaukee Association of Credit Men. Mr. McKerrow is president of Golden Guernsey.

OMAHA, NEBR.—Four-session Credit Clinic at the University of Omaha had these speakers and topics: E. Carlson, First National Bank, on “Financial Statement Analysis”; Ed. H. Kurtz, executive manager, Omaha Association of Credit Men, “Review on Bankruptcy and Out of Court Liquidations”; attorney Kenneth B. Holm, “Legal Aspects of Credits”; and the final session a workshop on current credit problems, conducted by John Mueller, Carpenter Paper Company.

BALTIMORE, MD.—Recent developments of the Federal Trade Commission was the topic of Alexander Akerman, Jr., executive director, Federal Trade Commission, at the dinner meeting of the Baltimore Association of Credit Men.

CINCINNATI, OHIO—Foreign trade was discussed by William A. Notton, assistant vice president, Central Trust Company, and manager of its foreign department, at the luncheon meeting of the Cincinnati Association of Credit Men. Eugene Warren, of Lybrand, Ross Bros. & Montgomery, at another meeting spoke on income taxes.

DETROIT, MICH.—Mrs. Lucy G. Killmer, secretary-treasurer, Guarantee Specialty Co., Cleveland, and past national director, NACM, was speaker at the dinner meeting of the Detroit Association of Credit Men.

Irwin Stumborg, assistant treasurer and finance department head, Baldwin Piano Company, Cincinnati, immediate past president NACM, was principal speaker at another meeting of the association. His subject was “The Credit Executive’s Approach to Top Management.”

YOUNGSTOWN, OHIO—James M. Dawson, vice president and economist, National City Bank of Cleveland, was guest speaker at the regular dinner meeting of the Youngstown Association of Credit Men. An afternoon-evening meeting had three separate sessions: a roundtable discussion on financial statements, with John L. Grim, General Fireproofing Company, as leader; a panel on techniques in handling marginal accounts, with Henry D. Johns, Sawhill Tubular Products, Inc., as moderator. Attorney Philip A. Millstone addressed the evening dinner meeting on required legal knowledge for the credit executive.

ALBANY, N. Y.—In a talk titled “The Boss,” J. T. Burns, credit analyst with General Electric Company’s tube division, discussed aspects of credit in the electronics industry, at the meeting of the Eastern New York Association of Credit Executives.

GRAND RAPIDS, MICH.—“This Credit Age” was the topic of Henry H. Heimann, executive vice president, National Association of Credit Men, at the annual meeting of the NACM (Western Michigan), Inc.

NEWARK, N. J.—“How the CPA Can Help the Credit Executive to Conduct His Department Most Effectively” was the motivating theme for three successive roundtable sessions presented by the New Jersey Society of Certified Public Accountants, Essex County Chapter, and the accounting advisory committee of the New Jersey Association of Credit Executives.

DALLAS, TEXAS—“What’s Behind the Business Failure Figures” was the subject of A. C. Willbern, Dun & Bradstreet, at the

luncheon meeting of the Dallas Wholesale Credit Managers’ Association. At a subsequent meeting, Boyce House, executive secretary, Texas Consumer Finance Association, was guest speaker.

ERIE, PA.—Edwin B. Moran, vice president, NACM, addressed the Erie Credit Managers Association. His topic was “Credit—The Other Side of Sales.”

EVANSVILLE, IND.—Wilson D. Sked, vice president, Marsh & McLennan, Inc., Chicago, a director of the Chicago Association of Credit Men, in a talk before the Tri-State Unit, NACM, analyzed present day insurance requirements of companies and latest forms of coverage available.

WORCESTER, MASS.—Two panel discussions were presented at the dinner meeting of the Worcester County Association of Credit Men. The first, titled “Integration among White Collar Workers,” had Girard Pahigian, Phalo Plastics Corporation, as moderator and Lewis Loth, The Washburn Company, and E. R. Foley, Wyman-Gordon Company, as panelists. The second panel, “Credit Management—Means to an End,” was also chaired by Mr. Pahigian, and had the following participants: R. W. Johnstone, Norton Company; R. J. Callahan, Mechanics National Bank; L. J. Hadley, Falulah Paper Company, Fitchburg.

SAN FRANCISCO, CALIF.—Irwin Stumborg, assistant treasurer and finance department head, Baldwin Piano Company, Cincinnati, immediate past president NACM, addressed the luncheon meeting of the Credit Managers Association of Northern and Central California.

PITTSBURGH, PA.—Successive weekly luncheon meetings of The Credit Association of Western Pennsylvania had these speakers and topics: Robert E. Carroll, principal contracting officer, Pittsburgh Ordnance District, “Current Developments in Defense Contract Financing”; Aaron P. Levinson, president, Levinson Steel Company, “Opportunities for Growth in Competitive Industry”; Dr. R. M. Weidenhammer, professor of finance, University of Pittsburgh, “Planned Capital Expenditure in the Pittsburgh District”; and Richard E. Coulter, assistant treasurer, The Aluminum Company of America, “Customer Relations.”

HARTFORD, CONN.—“Social Effects of Automation” was the subject of Donald J. DeMond, manager-manufacturing, circuit protective devices department, General Electric Company, Plainville (Conn.), at the meeting of the Hartford Association of Credit Men.

NEW YORK, N. Y.—The National Electrical Manufacturers Credit Group, NACM, heard S. J. Cristiano, regional director, National Electrical Contractors Association, on the marked increase in electrical contractor business failures and its effect on the electrical manufacturer.

ROCHESTER, N. Y.—The Rochester Women’s Group, Credit and Financial Management Association, was hostess to Credit Women’s Groups from Binghamton, Buffalo, Endicott, Johnson City and Syracuse, during the Tri-Cities annual conference. Miss Mary Channell was conference chairman. Newly named officers of the Women’s Group, who served as special welcoming committee for the visiting credit women, are: president, Mrs. Frederick L. Rieger, Frederick L. Rieger Company; vice president, Miss Louise Houghton, Otis Lumber Company; treasurer, Miss Elvira Schaaf, Schmitz Furniture & Upholstery Company, and secretary, Miss Helen Sullivan, J. H. Rae Oil Company.



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